

COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

COUNCIL MEMBERS

Dennis Kennedy, Mayor Greg Sellers, Mayor Pro Tempore Larry Carr, Council Member Mark Grzan, Council Member Steve Tate, Council Member

REDEVELOPMENT AGENCY

Dennis Kennedy, Chair Greg Sellers, Vice-Chair Larry Carr, Agency Member Mark Grzan, Agency Member Steve Tate, Agency Member

WEDNESDAY, DECEMBER 15, 2004

AGENDA

JOINT MEETING

CITY COUNCIL SPECIAL AND REGULAR MEETING

and

REDEVELOPMENT AGENCY SPECIAL MEETING

6:00 P.M.

A Special Meeting of the City Council and Redevelopment Agency is Called at 6:00 P.M. for the Purpose of Conducting Closed Sessions.

Dennis Kennedy, Mayor/Chairman

CALL TO ORDER

(Mayor/Chairperson Kennedy)

ROLL CALL ATTENDANCE

(City Clerk/Agency Secretary Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(City Clerk/Agency Secretary Torrez)

City of Morgan Hill Special & Regular City Council and Special Redevelopment Agency Meeting December 15, 2004 Page - 2 -

6:00 P.M.

City Council Action and Redevelopment Agency Action

CLOSED SESSION:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 5

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)
Case Name: City of Morgan Hill v. Tanya J. Keppler

Case Number: Santa Clara County Superior Court, Case No. 1-04-CV-016682

3.

EXISTING LITIGATION

Authority: Government Code section 54956.9(a)

Case Name: U.S. Perma, Inc. v. Stevelle Construction, et al. Case Number: Santa Clara County Superior 104CV031315

4.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)

Case Name: In Re Gregory T. Hemming and Kimberley L. Hemming

Case Number: United States Bankruptcy Court, Eastern District of California, Case No. USBC-

EDC-2004-20318-B-7

5.

EXISTING LITIGATION

Authority: Government Code section 54956.9(a)

Case Name: Flooring Solutions Inc. v. Wells Construction et al.

Case Number: 104CV031843

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

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RECOGNITIONS

Retiring Morgan Hill Unified School District Board Members Del Foster, Jan Masuda and George Panos

> Rotary Donations for Paradise Park John Tarvin, Rotary Club President

INTRODUCTIONS

New Public Works Employees Director of Public Works Jim Ashcraft

PRESENTATION

Award to City of Morgan Hill for Excellence in Financial Reporting From Government Finance Officers Association

CITY COUNCIL REPORT

Mayor Kennedy

CITY COUNCIL SUB-COMMITTEE REPORTS

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS <u>NOT</u> ON THIS AGENDA. (See notice attached to the end of this agenda.)

PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND PRESENT IT TO THE CITY CLERK.

(See notice attached to the end of this agenda.)

PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY COUNCIL/REDEVELOPMENT AGENCY.

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City Council Action

CONSENT CALENDAR:

Π	E	M	S	1	-2	N
	1.7	W	. 7		-2	

The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

	Time Estimate Consent Calendar: 1 - 10 Minutes	Page
1.	REVISION TO SUBDIVISION IMPROVEMENT AGREEMENT WITH DEWEY AND CAROLYN KOSICH (APN: 764-32-024) Recommended Action(s): Authorize the City Manager to Sign the Revised Subdivision Improvement Agreement on Behalf of the City, Subject to Review and Approval by the City Attorney.	10
2.	 AMENDMENT TO CONTRACT FOR LEGAL SERVICES Recommended Action(s): 1. Authorize the Mayor to Execute an Amendment to Agreement with Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP for Miscellaneous Legal Services; and 2. Appropriate \$50,000 from Unappropriated General Fund Reserves. 	11
3.	AB1600 DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR 2003/2004 Recommended Action(s): Accept and File the AB1600 Development Impact Fee Report for the 2003-2004 Fiscal Year.	13
4.	MORGAN HILL LIBRARY – STATUS OF SELECTION OF CONSTRUCTION MANAGEMENT FIRM Recommended Action(s): Accept Status Report.	26
5.	AGREEMENT WITH LIVE WIRE, LLC. Recommended Action(s): Authorize the City Manager to do Everything Necessary and Appropriate to Execute and Implement an Agreement with Live Wire, LLC; Including Making Modifications to the Agreement, Subject to Review and Approval by the City Attorney, to Share Sales Tax Revenue Generated by the Project.	27
6.	ACCEPTANCE OF DONATIONS FOR PARADISE PARK IMPROVEMENTS FROM ROTARY CLUB OF MORGAN HILL. Recommended Action(s): Accept Donation by the Morgan Hill Rotary Club for Improvements to Paradise Park.	28
7.	ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9423, MISSION RANCH PHASE V Recommended Action(s): 1. Adopt the Resolution Accepting the Subdivision Improvements Included in Tract 9423, Commonly Known as Mission Ranch Phase V; and 2. Direct the City Clerk to File a Notice of Completion with the County Recorder's Office.	29

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	Time Estimate Consent Calendar: 1 - 10 Minutes	Page
8.	ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9424, MISSION RANCH	22
	PHASE VI Recommended Action(s):	32
	1. Adopt the Resolution Accepting the Subdivision Improvements Included in Tract 9424, Commonly Known as Mission Ranch Phase VI; and	
	2. <u>Direct</u> the City Clerk to File a Notice of Completion with the County Recorder's Office.	
9.	APPLICATION FOR TRANSPORTATION CLEAN AIR FUNDS FOR SOLID WASTE COLLECTION VEHICLES	35
	Recommended Action(s):	
	1. <u>Authorize</u> the City Manager to Submit an Application to the Bay Area Air Quality Management District (BAAQMD) for Reimbursement of Expenses Incurred by Solid Waste Collection Vehicles (SWCV) Operating Within the City; and	
	2. <u>Authorize</u> the City Manager to Execute a Funding Agreement on Behalf of the City with the Bay Area	
	Air Quality Management District for the Purposes Described Above, If Said Application is approved by BAAQMD; Subject to Review and Approval by the City Attorney.	
10.	APPROVAL OF PURCHASE ORDERS TO U.S. FILTER FOR PERCHLORATE REMOVAL	• •
	SYSTEMS AT NORDSTROM AND TENNANT WELLS Recommended Action(s): Authorize Issuance of Purchase Orders to U.S. Filter in the Amount of	38
	\$192,300.	
11.	EMERGENCY EXPENDITURE FOR REPLACEMENT OF PUMP AND COLUMN AT BOY'S	
	RANCH WELL #1	39
	Recommended Action(s):	
	 Adopt Resolution Declaring the Need for This Emergency Expenditure; and Approve Expenditure of \$30,000 for Emergency Purchase and Installation of Replacement Pump and Column at Boy's Ranch Well #1. 	
12.	AWARD OF CONTRACT FOR CONSTRUCTION OF BOYS RANCH RESERVOIR #3	41
	Recommended Action(s):	
	1. Approve Project Plans and Specifications;	
	 Award Construction Contract to CB&I Constructors, Inc. in the Amount of \$1,403,640; Authorize Construction Contingency Funding of \$197,399; and 	
	4. Authorize the City Manager to Execute a Consultant Services Agreement with Schaaf & Wheeler for	
	Construction Services in an Amount not to exceed \$120,000; Subject to Review and Approval by City	
	Attorney.	
13.	AUTHORIZE PAYMENT OF THE COST OF THE NOVEMBER 2, 2004 GENERAL MUNICIPAL	
	ELECTION Decomposed of Action(s), Authorize Decomposition the Amount of \$42,052,00 to the South Clare Country	42
	Recommended Action(s): Authorize Payment in the Amount of \$43,052.00 to the Santa Clara County Registrar of Voters Office of Election Services.	
14.	APPROVAL OF RESOLUTION PROVIDING COMPENSATION FOR CITY OF MORGAN HILL	
	MANAGEMENT AND CONFIDENTIAL EMPLOYEES Recommended Action(s): Adopt Management Resolution.	43
	recommended Action(s): Adopt intanagement resolution.	
15.	AMENDMENT TO THE CITY OF MORGAN HILL'S RECORDS RETENTION SCHEDULE	50
	Recommended Action(s): Motion to Adopt Resolution Amending the City's Records Retention Schedule.	

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	Time Estimate Consent Calendar: 1 - 10 Minutes	Page
16.	ADOPT ORDINANCE NO. 1703, NEW SERIES Recommended Action(s): Waive the Reading, and Adopt Ordinance No. 1703, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1694, NEW SERIES, EXHIBIT B (ALLOWED USES FOR DIGITAL ISLAND VENTURE PROFESSIONAL CENTER) TO ALLOW A MAGNETIC RESONANCE IMAGING FACILITY (APNs 726-25-080 thru -082) (ZA-04-07: DIGITAL – VENTURE PROFESSIONAL CENTER).	51
17.	ADOPT ORDINANCE NO. 1704, NEW SERIES, AS AMENDED Recommended Action(s): Waive the Reading, and Adopt Ordinance No. 1704, New Series, As Amended, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING CHAPTER 13.28 (SOLID WASTE COLLECTION AND DISPOSAL) OF TITLE 13 (PUBLIC SERVICES) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING GARBAGE CONTAINER PLACEMENT FOR COLLECTION.	54
18.	APPROVE SPECIAL CITY COUNCIL MEETING MINUTES OF 12/01/04	57
19.	APPROVE SPECIAL CITY COUNCIL WORKSHOP ON COYOTE VALLEY SPECIFIC PLAN MINUTES OF 12/01/04	59
20. Red	NOVEMBER 2004 CITY FINANCE & INVESTMENT REPORT Recommended Action(s): Accept and File Report. evelopment Agency Action	64
	ENT CALENDAR:	
ITEM 2	21 Time Estimate Consent Calendar: 1 - 10 Minutes	Page
21.	NOVEMBER 2004 RDA FINANCE & INVESTMENT REPORT Recommended Action(s): Accept and File Report.	88
City	Council and Redevelopment Agency Action	
CONSI	ENT CALENDAR:	
ITEM 2	22 Time Estimate Consent Calendar: 1 - 10 Minutes	Page
22.	APPROVE JOINT REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF 12/01/04	97

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City Council Action (Continued)

CONSENT CALENDAR:

ITEM 2	Time Estimate	dar: 1 - 10 Minutes	Page		
23.	EXTENSION OF TIME, EOT-04-08: McLAUGHLIN-SOUTH COUNTY HOUSING. Recommended Action(s): Adopt Resolution.				
City	Council A	Action			
<u>PUBLI</u>	<u>C HEARINGS</u> : Time Estimate		Page		
24.	5 Minutes	DEVELOPMENT AGREEMENT AMENDMENT, DAA:04-01: TILTON-GLENROCK Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- Motion to Waive the Reading in Full of Ordinance. Action- Motion to Introduce Ordinance by Title Only. (Roll Call Vote)	120		
25.	10 Minutes	ZONING AMENDMENT, ZA-04-18/DEVELOPMENT AGREEMENT, DA-04-07: MONTEREY-SOUTH COUNTY HOUSING. Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- Action- Motion to Waive the Reading in Full of Zoning Amendment Ordinance. Motion to Introduce Zoning Amendment Ordinance by Title Only. (Roll Call Vote)	124		
		Action- Motion to Waive the Reading in Full of Development Agreement Ordinance. Action- Motion to Introduce Development Agreement Ordinance by Title Only. (Roll Call Vote)			

Keuevelopment Agency Action

<u>PUBLI</u>	C HEARINGS: Time Estimate		Page
26.	15 Minutes	FIVE-YEAR IMPLEMENTATION PLAN (2004-2009). Public Hearing Opened.	131
		Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion.	
		Action- Adopt Resolution which Adopts the City of Morgan Hill Redevelopment Agency Five-Year Implementation Plan (2004-2009).	

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City Council Action

OTH	ER BUSINESS:		
	Time Estimate		Page
27.	30 Minutes	SPORTS COMPLEX CONCEPTUAL MASTER PLAN, PHASE I CONCEPTUAL	
		PLAN AND OPERATIONS FUNDING OPTIONS	134
		Recommended Action(s):	
		1. <u>Approve</u> the Master Conceptual Plan, the Phase I Plan, and Program and Cost Estimates;	
		2. <u>Direct</u> Staff to Begin the Process for Architectural Proposals for Design of Phase I Plan;	
		3. <u>Receive</u> the Report from the Parks and Recreation Commission Sub-Committee on the Analysis of Maintenance and Operations Options;	
		4. <u>Direct</u> Staff to Develop a Request for Proposals (RFP) for Private-Public Operator Options with the Recommended Criteria for City Council Consideration; and	
		5. <u>Direct</u> the Parks and Recreation Commission to Develop a Plan on Sponsorships.	
28.	10 Minutes	CABLE PUBLIC ACCESS PROVIDER CONTRACT	159
		Recommended Action(s):	
		1. Authorize the City Manager to Execute an Agreement with the Media Access	
		Coalition of Central California for Public Access Services, Subject to Review and	
		Approval by the City Attorney; and	
		2. <u>Provide Direction</u> to Staff Regarding Obtaining Additional Access Support from	
		Charter Cable.	
29.	10 Minutes	2004-2005 HAZARDOUS VEGETATION PROGRAM	175
		Recommended Action(s): Adopt Resolution Declaring Weeds and Brush to be a Nuisance and Setting January 19, 2005 as the Date for the Public Hearing Regarding Weed Abatement, and June 1, 2005 as the Date for the Public Hearing Regarding Brush Abatement.	
30.	5 Minutes	DOWNTOWN AREA BUILDING ALLOTMENT	178
50.	3 Williates	Recommended Action(s): Receive Report.	170
31.	30 Minutes	BUTTERFIELD NORTH CONNECTION STUDY	179
		Recommended Action(s):	
		1, <u>Receive Presentation</u> of Butterfield North Connection Study by City Consultant,	
		Fehr and Peers, and	
		2. Provide Direction to Staff.	
32.	5 Minutes	ALTERNATE APPOINTMENT TO THE CITY'S 2006-CENTENNIAL	
		PLANNING STEERING COMMITTEE	180
		Recommended Action(s):	
		1. <u>Consider</u> Alternate Appointment to the City's 2006-Centennial Planning Steering Committee; and	
		 Consider Appointment of a Two-Council-Member Subcommittee. 	
		2. Consider reportation of a 1 no Council Member Subcommittee.	

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City Council and Redevelopment Agency Action

<u>OTHE</u>	ER BUSINESS:		_
	Time Estimate		Page
33.	5 Minutes	SELECTION OF CITY COUNCIL MAYOR PRO TEMPORE AND REDEVELOPMENT AGENCY VICE-CHAIR Recommended Action(s):	181
		Acting as City Council: 1. Open Floor to Nomination(s) for Mayor Pro Tempore; and 2. Select Council Member to Serve as Mayor Pro Tempore per City Council Policy.	
		 Acting as Redevelopment Agency Board: Open Floor to Nomination(s) for Vice-Chair; and Select Agency Member to Serve as Vice-Chair per Redevelopment Agency Bylaws. 	
34.	10 Minutes	ANNUAL FINANCIAL REPORTS FOR FISCALYEAR 2003-2004 Recommended Action(s):	183
		Acting as City Council: 1. Accept and File the Comprehensive Annual Financial Report for the Fiscal Year 2003-2004; and	
		 Acting as Redevelopment Agency Board: Accept and File the Financial Statements for the Redevelopment Agency for Fiscal Year 2003-2004. 	
35.	20 Minutes	DOWNTOWN REQUEST FOR PROPOSALS (RFP) Recommended Action(s): Take Action/Direct Staff As Appropriate.	184

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT



CITY COUNCIL STAFF REPORT MEETING DATE: DECEMBER 15, 2004

Agenda Item # 1

Prepared By:

Senior Civil Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

REVISION TO SUBDIVISION IMPROVEMENT AGREEMENT
WITH DEWEY AND CAROLYN KOSICH (APN 764-32-024)

RECOMMENDED ACTION(S): Authorize the City Manager to sign the attached revised Subdivision Improvement Agreement on behalf of the City.

EXECUTIVE SUMMARY: On December 17, 2003 Council approved the subdivision improvement agreement for this project. Subsequent to fully

executing the approved subdivision improvement agreement, the developer approached staff and requested an amendment to the agreement relative to insurance to allow the subdivider to provide insurance through its general contractor. The City Attorney and Risk Manager have reviewed the request and determined that the change would still protect the City's interest. Section 16.5 has been added to the agreement as described.

The development is a 2 lot subdivision located at the end of Christeph Drive on Llagas Road (see attached location map). The developer has completed all the conditions specified by the Planning Commission in the approval of the Tentative Map on December 13, 2000.

FISCAL IMPACT: Development review for this project is from development processing fees.



CITY COUNCIL STAFF REPORT MEETING DATE: DECEMBER 15, 2004

Ag	enda Item #2
	epared and bmitted By:
Ma	nyor

AMENDMENT TO CONTRACT FOR LEGAL SERVICES

RECOMMENDED ACTION(S):

- 1. Authorize the Mayor to execute an Amendment to Agreement with Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP for miscellaneous legal services; and
- 2. Appropriate \$50,000 from unappropriated General Fund reserves.

EXECUTIVE SUMMARY:

On May 19, 2004, the Council authorized an agreement with Nielsen, Merksamer, et al. to provide miscellaneous legal services on matters for which the City Attorney might have a conflict. The agreement was limited to \$25,000.

During the succeeding weeks, several complex legal issues arose involving questions of conflict of interest, threats of litigation by a council member, requests for privileged documents, and challenges by members of the public.

It is recommended that the contract be amended to increase the authorized amount by \$50,000 for a total expenditure of \$75,000. This concludes the City's relationship with Nielsen, Merksamer, et al. for these matters.

FISCAL IMPACT:

The additional \$50,000 will be appropriated from unappropriated General Fund reserves.

AGENDA BUDGET SCORECARD

FISCAL 2004/05

ACTION

Adjustment #: 037

FUND: 010 General Fund
DEPARTMENT: 1500 City Attorney
OBJECT 42230 Special Counsel

PROJECT NUMBER: 000000 Not Applicable

AGENDA DATE: 12/15/04

AGENDA ITEM TITLE: Authorize an increase of Nielsen, Merksamer Contract

9,821,672.00

ORIGINAL BUDGET	07/01/04 BEGINNING FUND BALANCE 9,821,672.00	ESTIMATED REVENUES 16,839,953.00	APPROPRI- ATIONS 18,765,308.00	06/30/05 ENDING FUND BALANCE 7,896,317.00
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	55,853.24	(55,853.24)
RECOMMENDED ACTION	-	_	50,000.00	(50,000.00)
RESULT OF RECOMMENDED				

16,839,953.00

18,871,161.24

7,790,463.76



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

AB1600 DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR 2003/04

Agenda Item #	
Prepared By:	
Budget Manager	_
Approved By:	
Finance Director	_
Submitted By:	
City Manager	_

RECOMMENDED ACTION:

Accept and file the AB1600 Development Impact Fee Report for the 2003/04 fiscal year.

EXECUTIVE SUMMARY:

In 1987, the State passed Assembly Bill No. 1600, adding Section 66000 et seq. to the Government Code. This law requires that any city that imposes development impact fees must report certain information each year. In accordance with this requirement, staff annually reports to the City Council, for each development fee collected, (a) the fee description, (b) the amount of the fee, (c) the beginning and ending balances of each fund for which the impact fees were collected, (d) the amount of fees collected and the corresponding interest earned, (e) the identification of each public improvement on which fees were expended and the amounts expended on each such improvement, including the total percentage of the cost of the public improvement, (f) a description of any interfund transfer or loan made from each impact fee fund, and (g) any refunds. For fiscal year 2003/04, a new Community/Recreation Center Impact Fee (Fund 360) was created. This information is attached.

FISCAL IMPACT: N/A

	Project	FY 03/04		
FUND 301 - PARKS IMPACT FEE	Number	AB 1600		
Revenue				
Interest		79,198		
Park Impact Fees		859,047		
State Reimbursement For Butterfield Linear Park	106096	56,157		
Other Revenues		207		
Total Revenue		994,609		
			% from this	Total Project
Revenue Expended For		_	Fund	Expenditures
Parks Master Plan	104096	185	100%	185
Sports Complex-Aquatics	115000	250,000	100%	250,000
Butterfield Linear Park	106096	137,611	32%	428,550
W.Little Llagas Creek	117001	1,563	100%	1,563
Paradise Park Play Equip.	118001	134,759	100%	134,759
Community Park Improvement	120001	15,713	100%	15,713
Interim BMX Park	121001	163	100%	163
San Pedro Ponds Nat. Park	122001	100,764	100%	100,764
Urban Limit Line Study		3,082	100%	3,082
General Fund Administration		3,296	100%	3,296
Total Expenditures		647,136		
Revenue Less Expenditures		347,473		
Fund Balance as of July 1, 2003		3,191,629		
Fund Balance as of June 30, 2004		3,539,102		

FUND 303 - STORM DRAIN IMPACT FEE	Project Number	FY 03/04 AB 1600		
Revenue				
Interest		67,277		
Drainage Impact Fees		158,855		
Total Revenue		226,132		
			% from this	Total Project
Revenue Expended For		_	Fund	Expenditures
Buterfield Detention	420001	3,500	100%	3,500
Developer Reimb. For Sunnyside Ave Storm Drain		103,881	100%	103,881
General Fund Administration		1,719	100%	1,719
Total Expenditures		109,100		
Revenue Less Expenditures		117,032		
Fund Balance as of July 1, 2003		2,910,954		
Fund Balance as of June 30, 2004		3,027,986		

	Project	FY 03/04		
FUND 309 - TRAFFIC IMPACT FEE	Number	AB 1600		
DEVENUE				
REVENUE		75 404		
Interest		75,181		
Traffic Impact Fees		1,411,704		
Other Revenues		1,608		
TOTAL REVENUE		1,488,493	0/ from this	Total Brainst
Revenue Expended For			% from this Fund	Total Project Expenditures
Butterfield/Madrone	501C02	94,424	100%	94,424
Butterfield/S Tennant	501D02	3,345	100%	3,345
Tennant/101 Signal	502H01	1,016	31%	3,306
Diana/Butterfield Signa	502J01	50,244	99%	50,523
Tenant South 101 Signal	502K03	51,814	100%	51,814
Tennant Avenue	507B99	48,117	22%	217,098
Main Avenue/UPRR Improvements	524000	224,355	38%	586,564
Monterey Road/UPRR	528001	429,486	83%	516,680
101/Tennant Interchange	531003	3,881	100%	3,881
Developer Reimbursement For Jasmine Square		72,872	100%	72,872
Developer Reimbursement For Monterey Gatewa	y Center	212,060	100%	212,060
Urban Limit Line Study		3,250	100%	3,250
Total Expenditures		1,194,864		
Revenue Less Expenditures		293,629		
Fund Balance as of July 1, 2003		2,826,115		
Fund Balance as of June 30, 2004		3,119,744		

FUND 311 - POLICE IMPACT FEE	Project Number	FY 03/04 AB 1600		
REVENUE				
Interest		27,257		
Police Impact Fees		98,647		
TOTAL REVENUE		125,904		
			% from this	Total Project
Revenue Expended For			Fund	Expenditures
Police Facility Expansion	228000	1,218,934	48%	2,517,824
General Fund Administration		6,645	100%	6,645
Total Expenditures		1,225,579		
Revenue Less Expenditures		(1,099,675)		
Fund Balance as of July 1, 2003		1,183,045		
Fund Balance as of June 30, 2004		83,370		

FUND 313 - FIRE IMPACT FEE	Project Number	FY 03/04 AB 1600		
REVENUE				
Interest		54,421		
Fire Impact Fees		195,538		
TOTAL REVENUE		249,959		
			% from this	Total Project
Revenue Expended For			Fund	Expenditures
New Fire Station	231003	518,704	100%	518,704
General Fund Administration		1,545	100%	1,545
Total Expenditures		520,249		
Revenue Less Expenditures		(270,290)		
Fund Balance as of July 1, 2003		2,603,859		
Fund Balance as of June 30, 2004		2,333,569		

	Project	FY 03/04		
FUND 347 - PUBLIC FACILITIES IMPACT FEE	Number	AB 1600		
<u>REVENUE</u>				
Interest		15,679		
Public Facilities Impact Fees		115,153		
Caltrans Reimbursement For Downtown Transit Cent	204093	379,184		
Transfer From Bldg Maint Fund For Corp. Yard Exp.	205093	54,000		
Transfer From Sewer Ops Fund For Corp. Yard Exp.	205093	10,000		
Transfer From Water Ops Fund For Corp. Yard Exp.	205093	10,000		
Transfer From Water CIP Fund For Corp. Yard Exp.	205093	10,000		
Transfer From RDA Fund For Community Center	219097	24,961		
TOTAL REVENUE		618,977		
			% from this	Total Project
Revenue Expended For			% from this Fund	Total Project Expenditures
Revenue Expended For Downtown Transit Center	204093	15,827		-
<u> </u>	204093 205093	15,827 119,779	Fund	Expenditures
Downtown Transit Center		′	Fund 53%	Expenditures 29,984
Downtown Transit Center City Corporation Yard Expansion	205093	119,779	Fund 53% 100%	29,984 119,779
Downtown Transit Center City Corporation Yard Expansion Library	205093	119,779 10,547	Fund 53% 100% 1%	29,984 119,779 1,738,103
Downtown Transit Center City Corporation Yard Expansion Library General Fund Administration	205093	119,779 10,547 1,528	Fund 53% 100% 1%	29,984 119,779 1,738,103
Downtown Transit Center City Corporation Yard Expansion Library General Fund Administration Total Expenditures	205093	119,779 10,547 1,528 147,681	Fund 53% 100% 1%	29,984 119,779 1,738,103

FUND 348 - LIBRARY IMPACT FEE	Project Number	FY 03/04 AB 1600		
REVENUE				
Interest		10,208		
Library Impact Fees		66,514		
TOTAL REVENUE		76,722		
			% from this	Total Project
Revenue Expended For			Fund	Expenditures
General Fund Administration		225	100%	225
Total Expenditures		225		
Revenue Less Expenditures		76,497		
Fund Balance as of July 1, 2003		414,456		
Fund Balance as of June 30, 2004		490,953		

FUND 360 - COMMUNITY/REC. CENTER IMPACT FEI	Project Number	FY 03/04 AB 1600
REVENUE Interest Com/Rec Center Impact Fees		104 18,802
TOTAL REVENUE		18,906
Revenue Expended For		_
Total Expenditures		
Revenue Less Expenditures		18,906
Fund Balance as of July 1, 2003		-
Fund Balance as of June 30, 2004		18,906

FUND 641 - SEWER IMPACT FEE	Project Number	FY 03/04 AB 1600		
REVENUE				
Interest		129,132		
Sewer Impact Fees		2,204,436		
Other Revenues		792		
TOTAL REVENUE		2,334,360		
			% from this	Total Project
Revenue Expended For			Fund	Expenditures
Sewer Plant Improvements I	303093	339,173	100%	339,173
Trunk Line MH Gilroy	308094	467,235	100%	467,235
Butterfield Sewer Trunk	314002	113,339	100%	113,339
SCRWA Debt Service (for Sewer Plan Improvements)		269,012	100%	269,012
General Fund Administration		4,203	100%	4,203
Total Expenditures		1,192,962		
Revenue Less Expenditures		1,141,398		
Fund Balance as of July 1, 2003		4,565,587		
Fund Balance as of June 30, 2004		5,706,985		

	Project	FY 03/04		
FUND 651 - WATER IMPACT FEE	Number	AB 1600		
REVENUE				
Interest		170		
Water Impact Fees		435,354		
Transfers In From Water funds (650 & 653)		560,790		
State Reimb. For Emergency San Pedro Well	601102	8,481		
TOTAL REVENUE		1,004,795		
			% from this	Total Project
Revenue Expended For		_	Fund	Expenditures
Main Avenue/UPRR Improvements	524000	75,705	13%	586,564
New Well Property/Construction	601093	746	100%	746
Peet Well	601G01	459,609	100%	459,609
Main Ave Well Drilling	601H02	22,720	29%	77,390
Emergency San Pedro Well	601102	5,605	90%	6,211
Main/San Pedro Pump Station	601J02	446,047	100%	446,047
Edmundson Water Tank Design	602A96	61,274	39%	157,124
Boys Ranch Reservoir #3	602C01	28,949	51%	57,149
Edmundson Main Dist.	619002	154,694	100%	154,694
General Fund Administration		253	100%	253
Total Expenditures		1,255,602		
Revenue Less Expenditures		(250,807)		
Fund Balance as of July 1, 2003		290,371		
Fund Balance as of June 30, 2004		39,564		

Schedule of Development Impact Fees for Fiscal Year 2003/04

	PRE-								
	8/18/2003	8/18/2003	TOTAL	1/	15/2004			TOTAL	
UNIT	FEES	ADJMT	8/18/2003		ADJMT	IN	DEX ⁽¹⁾	1/15/2004	ORITY
SINGLE FAMILY RESIDENT		<u>ivision</u>	¢ 4 444	φ	205	φ	20	¢ 4 C40	(0)
Water dwelling unit			\$ 1,411	\$	205	\$	32	\$ 1,648 7.542	(2)
Sewer dwelling unit Public Facilities dwelling unit			6,525 357		870 61		148 8	7,543 426	(2) (2)
Library dwelling unit			224		0		4	228	(2)
Traffic dwelling unit			2,442		229		53	2,724	(2)
Police dwelling unit	•	80	221		80		N/A	301	(3)
Fire dwelling unit		00	464		0		9	473	(2)
Cmnty/Rec Ctrs dwelling unit		376	376		0		8	384	(3)
Local Drainage dwelling unit			1,332		183		30	1,545	(2)
Subtotl bef Park dwelling unit		\$ 456	\$ 13,352	\$	1,628	\$	292	\$15,272	` ,
Park Improvemn dwelling unit			\$ 886	\$	242	\$	23	\$ 1,151	(2)
Park In Lieu-Suk dwelling unit	-		2,620	Ψ	718	Ψ	67	3,405	(2)
Total Park dwelling unit			\$ 3,506	\$	960	\$	90	\$ 4,556	(-/
Total Sngl Fmly Residential		\$ 456	\$ 16,858	\$	2,588	\$	382	\$19,828	
rotar engrinny reconcerna	<u> </u>	<u> </u>	<u> </u>	<u>*</u>		<u> </u>		<u> </u>	
SINGLE FAMILY RESIDENT	TAL - No Si	ıbdivision							
Water dwelling unit		<u></u>	\$ 1,411	\$	205	\$	32	\$ 1,648	(2)
Sewer dwelling unit			6,525	•	870	•	148	7,543	(2)
Public Facilities dwelling unit			357		61		8	426	(2)
Library dwelling unit			224		0		4	228	` ,
Traffic dwelling unit	2,442		2,442		229		53	2,724	(2)
Police dwelling unit	141	80	221		80	ı	N/A	301	(3)
Fire dwelling unit	464		464		0		9	473	(2)
Cmnty/Rec Ctrs dwelling unit		376	376		0		8	384	(3)
Local Drainage dwelling unit	1,332		1,332	_	183		30	1,545	(2)
Subtotl bef Park dwelling unit	\$ 12,896	\$ 456	\$ 13,352	\$	1,628	\$	292	\$15,272	
Park Improvemn dwelling unit	886		\$ 886	\$	242	\$	23	\$ 1,151	(2)
Park In Lieu-No dwelling unit	2,113		2,113		229	\$	47	2,389	(2)
Total Park dwelling unit	\$ 2,999		\$ 2,999	\$	471	\$	70	\$ 3,540	
Total Sngl Fmly Residential	\$ 15,895	\$ 456	\$ 16,351	\$	2,099	\$	362	\$18,812	
9	<u> </u>	<u>-</u>	<u> </u>	_					
MULTI-FAMILY RESIDENTIA	AL - Subdiv	rision							
Water dwelling unit			\$ 1,273	\$	185	\$	29	\$ 1,487	(2)
Sewer dwelling unit			5,523	·	736	•	125	6,384	(2)
Public Facilities dwelling unit			299		47		7	353	(2)
Library dwelling unit	188		188		0		4	192	
Traffic dwelling unit	1,709		1,709		161		37	1,907	(2)
Police dwelling unit	338	349	687		348	I	N/A	1,035	(3)
Fire dwelling unit			181		0		4	185	(2)
Cmnty/Rec Ctrs dwelling unit		307	307		0		6	313	(3)
Local Drainage dwelling unit			566		215		16	<u>797</u>	(2)
Subtotl bef Park dwelling unit	\$ 10,077	\$ 656	\$ 10,733	\$	1,692	\$	228	<u>\$12,653</u>	
Park Improvemn dwelling unit			\$ 737	\$	192	\$	19	\$ 948	(2)
Park In Lieu-Sut dwelling unit	2,180		2,180		570		55	2,805	(2)
Total Park dwelling unit	\$ 2,917		\$ 2,917	\$	762	\$	74	\$ 3,753	
Total Multi-Family Residntl	\$ 12,994	\$ 656	\$ 13,650	\$	2,454	\$	302	\$16,406	
•			·						

Schedule of Development Impact Fees for Fiscal Year 2003/04

PRE-TOTAL 1/15/2004 1/15/2004 TOTAL AUTH-8/18/2003 8/18/2003 **ADJMT INDEX**⁽¹⁾ 1/15/2004 ORITY ADJMT 8/18/2003 UNIT **FEES MULTI-FAMILY RESIDENTIAL - No Subdivision** Water dwelling unit \$ 1,273 1,273 \$ 185 \$ 29 \$ 1,487 (2)Sewer dwelling unit 5,523 5,523 736 125 6,384 (2)Public Facilities dwelling unit 299 299 47 7 353 (2)dwelling unit 188 188 0 4 192 Library Traffic dwelling unit 1,709 1,709 161 37 1.907 (2)Police dwelling unit 338 349 348 N/A 1,035 687 (3)Fire dwelling unit 181 0 4 185 181 (2)Cmnty/Rec Ctrs dwelling unit 0 307 307 0 6 313 (3)215 Local Drainage dwelling unit 566 566 16 797 (2)1,692 Subtotl bef Park dwelling unit \$ 10,077 656 \$ 10,733 \$ \$ 228 \$12,653 \$ 737 \$ \$ \$ Park Improvemn dwelling unit \$ 737 192 19 948 Park In Lieu-No dwelling unit 1,765 1,765 170 39 1,974 **Total Park** 2,502 2,502 \$ 362 \$ 58 2,922 Total Multi-Family Residntl \$ 12,579 \$ 656 \$ 13,235 \$ 2,054 \$ 286 \$15,575 **COMMERCIAL** Water 4,004 4,004 \$ 582 \$ \$ 4,678 92 (2)acre Sewer 22.32 22.32 2.98 0.51 25.81 (2)gallon **Public Facilities** acre 1,366 1,366 401 35 1,802 (2)Traffic 1,997 1,997 444 49 2,490 (2)peak hour trip Police 1,847 N/A 6,525 acre 2,831 4,678 1,847 (3)Fire acre 1,391 1,391 0 28 1,419 (2)Local Drainage 8,025 8,025 1,131 183 9,339 (2)acre **INDUSTRIAL** \$ Water 4,004 4,004 \$ 582 92 \$ 4,678 (2)acre 22.32 Sewer gallon 22.32 2.98 0.51 25.81 (2)**Public Facilities** 1,122 1,122 166 26 1,314 (2)acre Traffic 1,990 447 2,486 (2)peak hour trip 1,990 49 Police 418 172 590 172 N/A 762 (3)acre Fire 812 812 279 22 1,113 (2)acre 8,025 Local Drainage acre 8,025 1,131 183 9,339 (2)

N/A: Not Applicable

⁽¹⁾ Adjusted automatically by the percentage equal to the engineering cost index as published by the engineer news record for the year ended the previous march (2.0% at 1/15/04).

⁽²⁾ In accordance with Resolution No. 5592 adopted 8/21/02

⁽³⁾ In accordance with Resolution No. 5686 adopted 6/18/03



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

MORGAN HILL LIBRARY Status of Selection of Construction Management Firm

RECOMMENDED ACTION(S): Accept Status Report.

EXECUTIVE SUMMARY:

Agenda Item #4
Prepared By:

Sr. Project Manager
Approved By:

BAHS Director

City Manager

Submitted By:

At the October 27 meeting, Council directed staff to use an alternate project management approach called multiple-prime to deliver the new Morgan Hill Library and to proceed with the construction management (CM) selection process.

Staff has issued a Request for Qualifications and Proposal (RFP) to nine (9) CM firms. The RFP requests firm qualifications with extensive knowledge of the multiple-prime project delivery method. The City also desires input of a CM with extensive public facility construction who is experienced with real-time costs, schedules and construction means and methods for libraries in the region. The successful CM will assist the City in pre-qualifying and bidding out for the highest quality, lowest responsible bidders for all trade contractors for this construction program.

Staff will consider the following criteria during the evaluation process:

- A. Experience / strength of project team and city point of contact.
- B. Experience with multiple-prime method of delivering a project.
- C. Demonstrated ability to produce work on schedule and within budget.
- D. Description of their approach to this project and process.
- E. Ability to execute City Consultant Agreement.
- F. Location of office and proposed organizational structure for quick / efficient response to City requests.
- G. Cost to provide services.

Proposals are due by December 15 @ 5:00 PM. Staff will review evaluate all Proposals received before furlough. Interviews with highest ranking firms are scheduled for the week of January 10, 2005. Staff anticipates bringing the selected construction management firm's agreement to Council for approval in January / February, 2004.

Once the CM firm is hired, their first task will be to evaluate the budget, design concept and alternate construction assemblies for the Library and recommend if any adjustments are needed. Once the budget and design is evaluated we will proceed with schematic design. The anticipated completion of the Library is Spring 2007.

FISCAL IMPACT: No fiscal impact at this time.



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

Agenda Item # 5
Approved By:

BAHS Director

Submitted By:

City Manager

AGREEMENT WITH LIVE WIRE, LLC

RECOMMENDED ACTION(S): Authorize the City Manager to do everything necessary and appropriate to execute and implement an agreement with Live Wire, LLC, including making modifications to the agreement subject to City Attorney review and approval, to share sales tax revenue generated by the project.

EXECUTIVE SUMMARY: Over the past four years, Live Wire, LLC, (Developer) has been in the process of developing its 22,000 square feet Harley Davidson motorcycle dealership on Condit Road. The project was completed in early 2004. As part of the development process, Live Wire was required to establish the PUD guidelines for the Condit Road PUD which extends from East Dunne Avenue to Tennant Avenue along the Westside of Condit Road. This PUD was unique in that the PUD applied to existing developed properties as well as vacant non-contiguous properties. The Developer indicates he did incur significant unanticipated costs and time delays to develop the PUD guidelines and has requested a sales tax sharing agreement to reimburse him for those costs.

The Council's Economic Development Subcommittee (ED Subcommittee) has reviewed this request and is recommending that Live Wire be reimbursed \$35,000 via a sales tax sharing agreement. The ED Subcommittee for this item consisted of Councilmembers Carr and former Councilmember Chang. Councilmember Chang was an alternative for the Subcommittee and was present for this discussion. The ED Subcommittee found that the cost incurred to develop these PUD guidelines were unnecessarily burdensome to this project. Live Wire indicates his out-of-pocket costs to develop the PUD were about \$35,000.

We are proposing the following incentive package:

- The Developer would receive up to a maximum total of \$35,000 over a five (5) year period in sales tax rebates.
- The first \$35,000 received in sales tax revenue from the property by the City would be reimbursed to the Developer.
- In exchange for assistance, the dealer agrees to operate a motorcycle dealership or other allowed use in the PUD for 5 years. In the event of a default, the dealer would need to financially reimburse the City per the agreement.

FISCAL IMPACT: The City will receive \$35,000 less in sales tax revenue, but this is new sales revenue that the City would not receive if the dealership never opened.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2004

ACCEPTANCE OF DONATIONS FOR PARADISE PARK IMPROVEMENTS FROM ROTARY CLUB OF MORGAN HILL

RECOMMENDED ACTION: Accept Donation by the Morgan Hill Rotary Club for improvements to Paradise Park

Agenda l	Item	#6
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Prepared By:

Dep Dir Public Works

Approved By:

Public Works Director

Submitted By:

City Manager

EXECUTIVE SUMMARY: Early in 2004, the Rotary Club of Morgan Hill contacted Public Works staff offering to provide the City a donation for needed improvements at Paradise Park. New benches on new concrete pads and a drinking fountain were selected to enhance other improvements completed this year using Proposition 12 per capita funding, ie; repair of the asphalt pedestrian pathway around the perimeter of the park and the construction of access improvements in the parking lot for the mobility impaired. Still to be completed is the removal of the existing and replacement of new play equipment. Rotary's donation and the City's work using Proposition 12 funding will greatly enhance this park.

The Rotary Club of Morgan Hill donated the following improvements. Their donation included materials and labor for installation. The cost of these improvements including the estimated value of the labor cost is also noted:

Purchase and Installation of:

4 concrete tables at \$700 each including 4 concrete pads at \$500 each\$4,800
2 concrete benches at \$400 each including 2 concrete pads at \$150 each \$1,100
Drinking fountain\$2,800

Total \$8,700

Pursuant to the City's Administrative Policy V009 "Donation Policy", donations with estimated values of \$5,000 or more must be formally accepted by the City Council. In accordance with this policy the Director of Public Works has evaluated this donation and has found it acceptable.

Fiscal Impact: None



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

Agenda Item #7

Prepared By:

Senior Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9423, MISSION RANCH PH.V

RECOMMENDED ACTION(S):

- 1. Adopt the attached resolution accepting the subdivision improvements included in Tract 9423, commonly known as Mission Ranch Ph. V.
- 2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

EXECUTIVE SUMMARY:

Tract 9423 is a 15 lot subdivision located on the southeast corner of Cochrane Road and Peet Road (see attached location map). The subdivision improvements have been completed in accordance with the requirements of the Subdivision Improvement Agreement between the City of Morgan Hill and Mission Ranch L.P., dated May 5, 2003 and as specifically set forth in the plans and specifications approved by the City.

The streets to be accepted are:

Street Name	Street Length	
Serra Avenida	0.27 miles	
Mission Avenida	0.09 miles	

FISCAL IMPACT: Staff time for this project was paid for by development fees.

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ACCEPTING THE SUBDIVISION IMPROVEMENTS FOR TRACT 9423, MISSION RANCH PH.V

WHEREAS, the owner of Tract 9423, designated as Mission Ranch Ph. V, entered into a Subdivision Improvement Agreement on May 5, 2003 and

WHEREAS, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

- 1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
- 2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of May 5, 2003.
- 3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
- 4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

PASSED AND ADOPTED this 15th day of December, 2004.

NOES: ABSTAIN: ABSENT:
CERTIFICATION
I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No adopted by the City Council at the Regular City Council Meeting of December 15, 2004. WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.
DATE: IRMA TORREZ, City Clerk

AYES:

Record at the request of and when recorded mail to:

CITY OF MORGAN HILL CITY CLERK 17555 Peak Avenue Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION

CITY OF MORGAN HILL

TRACT 9423, MISSION RANCH PH. V

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on November 17, 2004, by Mission Ranch L.P., the subdivider of record and accepted by the City Council on December 15, 2004. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is Developers Surety and Indemnity Company.

Name and address of Owner:	City of Morgan Hill 17555 Peak Avenue Morgan Hill, California
Dated:,	2004.
	Jim Ashcraft, Director of Public Works
I certify	y under penalty of perjury that the foregoing is true and correct.
	Irma Torrez, City Clerk

City of Morgan Hill, CA

Date:



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9424, MISSION RANCH PH.VI

RECOMMENDED ACTION(S):

- 1. Adopt the attached resolution accepting the subdivision improvements included in Tract 9424, commonly known as Mission Ranch Ph. VI.
- 2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

Agenda Item # 8 Prepared By: Senior Engineer Approved By: Public Works Director Submitted By:

City Manager

EXECUTIVE SUMMARY:

Tract 9424 is a 13 lot subdivision located on the southeast corner of Cochrane Road and Peet Road (see attached location map). The subdivision improvements have been completed in accordance with the requirements of the Subdivision Improvement Agreement between the City of Morgan Hill and Mission Ranch L.P., dated May 5, 2003 and as specifically set forth in the plans and specifications approved by the City.

FISCAL IMPACT: Staff time for this project was paid for by development fees.

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ACCEPTING THE SUBDIVISION IMPROVEMENTS FOR TRACT 9424, MISSION RANCH PH.VI

WHEREAS, the owner of Tract 9424, designated as Mission Ranch Ph. VI, entered into a Subdivision Improvement Agreement on May 5, 2003 and

WHEREAS, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

- 1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
- 2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of May 5, 2003.
- 3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
- 4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

PASSED AND ADOPTED this 15th day of December, 2004.

NOES:	
ABSTAIN:	
ABSENT:	
	CERTIFICATION
CALIFORNIA, do hereby certify that	ERK OF THE CITY OF MORGAN HILL, t the foregoing is a true and correct copy of Resolution No. lar City Council Meeting of December 15, 2004.
WITNESS MY HAND AND TH	HE SEAL OF THE CITY OF MORGAN HILL.
DATE:	IRMA TORREZ, City Clerk

AYES:

Record at the request of and when recorded mail to:

CITY OF MORGAN HILL CITY CLERK 17555 Peak Avenue Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION

CITY OF MORGAN HILL

TRACT 9424, MISSION RANCH PH. VI

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on November 17, 2004, by Mission Ranch L.P., the subdivider of record and accepted by the City Council on December 15, 2004. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is Developers Surety and Indemnity Company.

Name and address of Owner:	City of Morgan Hill 17555 Peak Avenue Morgan Hill, California
Dated:,	2004.
	Jim Ashcraft, Director of Public Works
I certify	y under penalty of perjury that the foregoing is true and correct.
	Irma Torrez, City Clerk

City of Morgan Hill, CA

Date:



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2004

APPLICATION FOR TRANSPORTATION CLEAN AIR FUNDS FOR SOLID WASTE COLLECTION VEHICLES

RECOMMENDED ACTION(S): 1) Authorize the City Manager to submit an application to the BAAQMD for reimbursement of expenses incurred by Solid Waste Collection Vehicles (SWCVs) operating within the City; and 2) Authorize the City Manager to execute a funding agreement on behalf of the City with the Bay Area Air Quality Management District for the purposes described above if said application is approved by the Bay Area Air Quality Management District.

Agenda Item # 9
Prepared By:
Program Administrator
Approved By:
Public Works Director
Submitted By:
City Manager

EXECUTIVE SUMMARY: In 1998, the California Air Resources Board (CARB) declared diesel Particulate Matter (PM) a toxic air contaminant. Following that finding, CARB developed regulations to reduce the exposure of California's residents to these cancer causing emissions. In September, 2003, CARB adopted the first diesel PM regulation affecting privately owned diesel vehicles. This regulation requires SWCVs to reduce diesel particulates (PM) emissions and was chaptered into law in July, 2004.

Despite the fact that this regulation will help reduce one harmful emission from diesel engines, it does not have any requirement to reduce another harmful emission, Oxides of Nitrogen (NOx), a colorless and odorless gas that is one of the primary components of ozone. If refuse haulers in the Bay Area meet only the minimum requirements of this regulation, there will be no NOx reductions from retrofitting inservice vehicles as a result of this Rule. This would be a huge opportunity missed to reduce the NOx-related health impacts. Refuse fleets choosing to achieve the highest level of both NOx and PM reductions will need to spend approximately \$19,000 per truck. The portion of this cost that is allocated to reducing NOx emissions is approximately \$10,000 to \$12,000.

Refuse fleets may also be able to achieve a portion of their rule compliance by retiring older vehicles and purchasing natural gas SWCVs if the engines are certified to an optional low-emission standard. Purchasing a new SWCV using natural gas instead of diesel achieves a PM reduction of at least 85% and a NOx reduction of approximately 25%. A natural gas SWCV costs between \$30,000 and \$40,000 more than a comparable diesel SWCV. The portion of this cost that would be allocated to reducing NOx emissions could range between \$30,000 and \$60,000.

In recognition of this fact, the Bay Area Air Quality Management District (BAAQMD) has created a \$3.5 million fund to help refuse fleet operators offset the additional cost of using a technology that reduces both PM and NOx. Because of legislative requirements attached to the funding source, only public agencies are eligible to apply for these funds. However, public agencies may apply on behalf of private companies that are providing an essential public service. The City's franchised waste hauler, South Valley Disposal and Recycling, has asked the City to apply on their behalf. Since City residents will benefit from the cleaner air resulting from these activities, staff recommends approval of the attached resolution authorizing the City's application.

FISCAL IMPACT: No budget adjustment is requested at this time. There are no City matching funds required for this application.

RESOLUTION NO. XXXX

- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT FOR FUNDS TO REDUCE EMISSIONS FROM SOLID WASTE COLLECTION VEHICLES AND AUTHORIZING THE IMPLEMENTATION OF SAME, IF THE APPLICATION IS APPROVED BY THE BAY AREA AIR QUALITY MANANAGEMENT DISTRICT.
- **WHEREAS**, the California Air Resources Board has adopted a new regulation that applies to public and private owners of solid waste collection vehicles (SWCVs) that perform residential and commercial solid waste collection;
- **WHEREAS**, the regulation requires fleet owners to employ Best Available Control Technology (BACT) to reduce emissions of diesel particulate matter (PM) from SWCVs;
- **WHEREAS**, the regulation does not require any reduction of nitrogen oxides (NOx) emissions;
- **WHEREAS**, NOx emissions are a major component of ozone, a colorless, odorless gas that is injurious to human health when breathed;
- **WHEREAS**, in the absence of incentive funding, it is expected that most fleets subject to the regulation will comply with the minimum baseline requirements to reduce PM emissions only and will not choose to exceed the requirements for diesel PM reduction nor choose to reduce any NOx emissions;
- **WHEREAS**, the Bay Area Air Quality Management District ("Bay Area Air District") has allocated funding from the Transportation Fund for Clean Air to assist refuse fleets in choosing rule compliance strategies that reduce emissions beyond the requirements of the rule;
- **WHEREAS**, local government agencies within the jurisdiction of the Bay Area Air District are eligible to receive these funds on behalf of the SWCV fleets that they own or that they hold under contract to perform solid waste collection;
- **WHEREAS**, the City of Morgan Hill desires to participate in the SWCV incentive program;
- **WHEREAS**, the City of Morgan Hill desires to encourage SWCV fleets under contract to the City to reduce emissions beyond the requirements of the rule;
- **WHEREAS**, the City of Morgan Hill desires to apply to the Bay Area Air District for funding in response to the opportunity provided by the Bay Area Air District;

City of Morgan Hill Resolution No. XXXX Page 2

WHEREAS, the City of Morgan Hill desires to enter into a contract with the Bay Area Air District to allow for expenses incurred by a contracted SWCV fleet to be reimbursed by the Bay Area Air District to the City;

WHEREAS, the City of Morgan Hill understands that it will need to enter into a contract with the contracted SWCV fleet in order to allow for expenses incurred by the contracted SWCV fleet to be reimbursed by the City to the SWCV fleet; and

WHEREAS, the governing body of the local government agency must adopt a Resolution to approve the submittal of an application for SWCV incentive funds by that agency.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Manager is authorized to submit such application on behalf of the City of Morgan Hill;

SECTION 2. The City Manager is authorized to execute a funding agreement with the Bay Area Air Quality Management District for the purposes described above if said application is approved by the Bay Area Air Quality Management District.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th Day of December, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. XXXX, adopted by the City Council at a Regular Meeting held on December 15, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

APPROVAL OF PURCHASE ORDERS TO US FILTER FOR PERCHLORATE REMOVAL SYSTEMS AT NORDSTROM AND TENNANT WELLS

RECOMMENDED ACTION(S): Authorize issuance of Purchase Orders to US Filter in the amount of \$192,300.

Agenda Item # 10
Prepared By:
Management Analyst
Approved By:
Department Director

Submitted By:

EXECUTIVE SUMMARY: As Council is aware, due to perchlorate contamination emanating from the Olin site, the City leased a perchlorate removal system from US Filter for our Nordstrom Well site during the summers of 2003 and 2004. Additionally, the Tennant Well was reactivated October, 2004 and a perchlorate removal system is in operation at this site, with the first year of operational costs to be reimbursed by SCVWD.

Although it was initially anticipated that the Nordstrom Well would be deactivated at the end of October, it will not be deactivated until the end of December. The cost to continue treatment at Nordstrom through the end of December is estimated at \$90,800. The cost to run the system at Tennant Well through the end of this fiscal year is estimated at \$101,500, and these costs will be reimbursed by SCVWD.

FISCAL IMPACT: As with all of our previous expenses for perchlorate related contamination, staff and our special counsel will do all we can to seek reimbursement from the responsible parties. Sufficient funding does exist in the current year's budget based upon the surcharge to water rates enacted by City Council specifically to fund perchlorate removal costs.



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

EMERGENCY EXPENDITURE FOR REPLACEMENT OF PUMP AND COLUMN AT BOY'S RANCH WELL #1

RECOMMENDED ACTION(S):

- 1. Adopt attached resolution declaring the need for this emergency expenditure.
- 2. Approve expenditure of \$30,000 for emergency purchase and installation of replacement pump and column at Boy's Ranch Well #1.

Agenda Item #11
Prepared By:
Utility Systems
Manager
Approved By:
Department Director
Submitted By:

City Manager

EXECUTIVE SUMMARY: During routine maintenance, Boy's Ranch Well #1, our largest production well in the Boy's Ranch Zone and one of our 13 production wells, was diagnosed to have bearing failure in the oil lubricated pump and column. It has been determined by staff that the pump and column must be repaired or replaced to avoid a potential water shortage. Staff is recommending authority to replace the pump and column with a new water lubricated unit. A new unit would reduce maintenance and have at least a 10 year life span with a 3 year full warranty. Repairing the pump and column would have no warranty and would be likely to last for 3 to 5 years.

This repair must be performed under emergency purchase provisions. We must have Boy's Ranch Well #1 back in service within 30 days to avoid the potential of a water shortage affecting water for both domestic and fire fighting purposes. The time required to publicly bid and award this project would delay the project by a minimum of 60 to 90 days. Following City Council approval of this request, it is estimated that Boy's Ranch Well #1 will be removed from service, replaced, and back on line within 3 weeks

FISCAL IMPACT: Funds for this purchase and installation (\$30,000) are currently budgeted in the Water Operations Budget (650-42231-5710). Although Council's approval of the recommended action will waive the requirements of the Public Contract Code for Competitive Bidding, Public Works has in place an annual maintenance contract for repair/replacement of well pumps and motors. This contract is awarded through informal competitive bidding. The work described herein will be accomplished under this contract. Thus, the City will benefit from competitive pricing within this maintenance contract.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DECLARING THE NEED FOR AN EMERGENCY EXPENDITURE FOR WATER WELL REPAIR IN ACCORDANCE WITH PUBLIC CONTRACT CODE 20168

WHEREAS, an emergency currently exists since one of the City's 13 wells is currently non-operational and its repair could not be anticipated nor avoided; and

WHEREAS, unless full pumping well capacity is restored within the three weeks that will be required to repair the well under emergency procurement procedure the water demand in the City may be above our well pumping capacity and a water shortage may result; and

WHEREAS, a water shortage would create great and extraordinary public calamity since water would not be sufficient for drinking nor fire protection purposes; and

THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill that it does resolve, determine and order the following:

- 1. Boy's Ranch Well #1 is currently in need of emergency repair to continue to provide drinking and fire protection water to the citizens of Morgan Hill.
- 2. By a majority vote of those present at the City Council meeting on December 15, 2004, the Council finds, based upon the foregoing reasons, that the immediate preservation of the public peace, health and safety requires said expenditure to be made without competitive bids.
- 3. The sum of \$30,000 is hereby approved for expenditure for emergency well repair.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th Day of December, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on December 15, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2004

AWARD OF CONTRACT FOR CONSTRUCTION OF

BOYS RANCH RESERVOIR #3

RECOMMENDED ACTION(S):

- 1. Approve project plans and specifications.
- 2. Award construction contract to CB&I Constructors Inc. in the amount of \$1,403,640.
- 3. Authorize construction contingency funding of \$197,399
- 4. Authorize the City Manager to execute a Consultant Services Agreement with Schaaf & Wheeler for construction services in an amount not to exceed \$120,000 subject to City Attorney approval.

Agenda Item #12		
Prepared By:		
Project Manager		
Approved By:		
Public Works Director		
Submitted By:		
City Manager		

EXECUTIVE SUMMARY: This project is to construct the new one-million gallon steel water tank and appurtenances located next to the existing tank at the Boys Ranch. Staff advertised for bids starting on October 16, 2004. Bids were opened on November 4, 2004 with the following results:

Contractor	Base Bid
CB&I Constructors, Inc.	\$1,403,640
Tri-Net Construction	\$1,410,395
Granite Construction Co.	\$1,438,252
Gordon N. Ball, Inc.	\$1,492,360
McGuire & Hester	\$1,662,095

The low bidder is CB&I Constructors, Inc. Staff has reviewed their bid proposal and qualifications. Additionally, they recently completed our new four-million gallon Edmundson Tank project in 2002. The proposed schedule is to issue a Notice to Proceed this month so that CB&I can prepare the necessary submittal for steel tank shop drawings. Consequently, when we are ready for actual construction to begin next spring, anticipated steel fabrication delays will have been minimized. We expect that construction will be completed by winter of 2005. Staff recommends awarding the contract to CB&I Constructors, Inc. in the amount of \$1,403,640.

As we expect to acquire a utility easement from the County in early spring, we plan to also include (via change order) the add alternate-16" waterline extension for an additional \$51,850. This would make a total contract amount of \$1,455,490 if we are successful with the easement acquisition. Adding a 10% contingency of \$145,549 for unknown conditions is typical for a project of this nature, for a total authorization of \$1,601,039.

Schaaf & Wheeler is the City's design and construction consultant for this project. We had previously engaged them for the design and bidding phases of their services. If Council authorizes award of this construction contract, it will be necessary to extend Schaaf & Wheeler's services for the construction phase. Per their recent proposal, the new agreement for construction phase services will be for a total not to exceed fee of \$120,000.

FISCAL IMPACT: Awarding the base bid amount of \$1,403,640 plus the 16" waterline extension of \$51,850 would make the total contract \$1,455,490. Adding a 10% contingency of \$145,549 would result in a total construction cost of \$1,601,039. Sufficient funding exists in the CIP project #602093 budget account in funds 651 and 653 for this contract and the consultant agreement. No additional funding is required.



CITY COUNCIL STAFF REPORT

December 15, 2004

AUTHORIZE PAYMENT OF THE COST OF THE NOVEMBER 2, 2004 GENERAL MUNICIPAL ELECTION

RECOMMENDED ACTION(S): Authorize payment in the amount of \$43,052.00 to the Santa Clara County, Registrar of Voters Office for Election Services

Agenda Item #13
Prepared By:
Council Services &
Records Manager
Submitted By:

City Manager

EXECUTIVE SUMMARY:

On June 23, 2004, the City Council adopted Resolution No. 5818 (attached) requesting the Santa Clara County Board of Supervisors to consolidate Morgan Hill's General Municipal Election to be held on November 2, 2004 and to render specified election services to the City. The Santa Clara County Registrar of Voters concluded its election services to the City and on November 30, 2004, provided the City with a Certificate of Election Results. The Council adopted Resolution No. 5866 on December 1, 2004, certifying the Election Results for the election of a Mayor, two Council Members, a City Clerk and City Treasurer.

As part of the Fiscal Year 2004-05 budget process, staff recommended that the Council allocate \$55,000 to cover the costs of the General Municipal Election to be held based on an estimate provided by the Santa Clara County Registrar of Voters Office. As the City was able to consolidate the election with other State and South County jurisdictions, it resulted in the City's ability to share election costs to a greater extent. This resulted in a reduced election cost than originally projected.

The City of Morgan Hill has been invoiced for its share of election costs. Staff is recommending that the City Council authorize payment in the amount of \$43,052 to the Santa Clara County, Registrar of Voters Office

FISCAL IMPACT: The fiscal impact associated with the November 2, 2004 General Municipal Election is \$43,052. Sufficient funds exist in the Elections budget (Account No. 010-42231-2420, page 118 of the budget document) to pay for election costs.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2004

APPROVAL OF RESOLUTION PROVIDING COMPENSATION FOR CITY OF MORGAN HILL MANAGEMENT AND CONFIDENTIAL EMPLOYEES

Agenda Item # 14	
Prepared By:	
HR Director	
Submitted By:	
City Manager	

RECOMMENDED ACTIONS:

1. <u>Adopt Management Resolution.</u>

EXECUTIVE SUMMARY:

During fiscal year 2003-04, employees did not receive any increase in wages. However, current MOUs provided an increase for the three bargaining units at the beginning of 2004-05. In May, 2004 City Council approved Management Resolution #5793 authorizing a two percent (2%) increase for management and confidential employees effective June 20, 2004. Since compensation changes for employees covered by the City's three current MOUs include mid-fiscal-year adjustments, Council requested staff to review and evaluate the Management/Confidential group in December for a possible mid-year adjustment. The five year history reflects:

Fiscal Year	AFSCME	CSOA	Mgmt/Conf	POA
2000 - 01	4.75	4.5	5	4.5
2001 - 02	5	5	5	5
2002 - 03	5	2	5	5
2003 - 04	None	None	None	None
2004 - 05	5	5	2	5

In recognition of the increased demands being made of all employees, it is appropriate that management/confidential employees receive an increase of three percent (3%). The attached 04-05 Resolution includes a three percent (3%) increase effective in the fourth quarter of the fiscal year. All other benefits remain the same.

The total compensation package offered to management and confidential employees is prudent and demonstrates fiscal responsibility in these difficult economic times, but it does acknowledge the hard work of City management and confidential staff.

FISCAL IMPACT:

The fiscal impact of this resolution falls within the City Council's parameters.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING SELECTED SALARY RANGES AND JOB TITLES FOR MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEES. THIS RESOLUTION RESCINDS RESOLUTION 5793.

WHEREAS, the City Manager has presented to the City Council of the City of Morgan Hill a recommended set of salary ranges and benefits for the Management, Professional and Confidential employees; and

WHEREAS, the City Council of the City of Morgan Hill has reviewed said recommendations;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill as follows:

SECTION 1 — SALARY RANGES

A. These separate salary ranges are hereby established effective March 27, 2005 and reflect a three percent (3%) increase over the ranges established June 20, 2004.

Group 1-A and 1-B base salary ranges include the 7% employee or 9% for Public Safety Employees) PERS contribution which is deducted from payroll.

Group 1-C base salary ranges do not include the 7% employee PERS contribution, however, the City will report the value of employer paid member contributions to CalPERS as additional compensation.

JOB CLASSIFICATION SALA		ALARY RAI	NGE
Executive Management - Group 1-A	Bottom	Тор	Performance Pay
Chief of Police	\$9,450	\$11,815	\$12,110
Director of Business Assistance & Housing Services	\$9,275	\$11,600	\$11,885
Director of Community Development	\$9,275	\$11,600	\$11,885
Director of Finance	\$9,275	\$11,600	\$11,885
Director of Public Works/City Engineer	\$9,275	\$11,600	\$11,885
Human Resources Director	\$9,275	\$11,600	\$11,885
Recreation and Community Services Manager	\$8,000	\$10,000	\$10,255
Assistant to the City Manager	\$8,000	\$10,000	\$10,255
Council Services and Records Manager	\$7,070	\$8,835	\$9,055
Middle Management - Group 1-B	Bottom	Тор	Performance Pay
Deputy Director of Public Works	\$8,000	\$10,000	\$10,255
Program Administrator	\$8,000	\$10,000	\$10,255
Police Lieutenant	\$7,600	\$9,500	\$9,745
Assistant Director of Finance	\$7,070	\$8,835	\$9,055
Chief Building Official	\$7,070	\$8,835	\$9,055

Human Resources Assistant	\$2,975	\$3,725	\$3,820
Accounting Technician	\$3,920	\$4,900	\$5,015
Secretary to the City Attorney	\$4,420	\$5,525	\$5,665
Administrative Analyst	\$4,675	\$5,845	\$5,995
	Bottom	Тор	Pay
Confidential Non-Exempt Employees - Group 1-C			Performance
Secretary to the City Manager	\$4,420	\$5,525	\$5,665
Recreation Supervisor	\$5,130	\$6,405	\$6,565
Utility Systems Manager	\$6,090	\$7,615	\$7,805
Project Manager	\$6,090	\$7,615	\$7,805
Senior Planner	\$6,090	\$7,615	\$7,805
Police Support Services Supervisor	\$6,090	\$7,615	\$7,805
Business Assistance and Housing Services Manager	\$6,090	\$7,615	\$7,805
Budget Manager	\$6,090	\$7,615	\$7,805
Senior Project Manager/Community Buildings	\$7,070	\$8,835	\$9,055
Senior Civil Engineer	\$7,070	\$8,835	\$9,055
Planning Manager	\$7,070	\$8,835	\$9,055
Human Resources Supervisor	\$7,070	\$8,835	\$9,055

<u>SECTION 2 — ESTABLISHMENT OF COMPENSATION GROUPS 1-A-B-C</u>

- A. The City Manager will establish the monthly compensation for the classifications in Section 1-A within the prescribed ranges and may adjust the level of compensation during the year within the prescribed range. The City Manager has the authority to increase the monthly compensation for employees in Section 1-A by a maximum of 10% each fiscal year based on each executive manager's performance.
- B. Each Department Director will recommend to the City Manager the proposed monthly salary to be paid to each of the employees whose classification appears in Section 1-B or 1-C. Upon approval of the City Manager, the monthly salary will be set within the prescribed range for each classification. The City Manager has the authority to increase the monthly compensation for employees in Section 1-B and C, by a maximum of 10% each fiscal year based on each individual employee's performance.
- C. For employees listed in Sections 1-A, 1-B, and 1-C, the last 2.5% of the salary range has been designated as performance bonus pay. Employees are eligible to have their base salary set in the last 2.5% of their respective range provided they have progressed to the end of their salary range and receive and maintain above average performance as identified by their performance evaluation. The criteria for an above average performance evaluation are as follows: at least half of the rating factors must be scored at the "exceeds expectations" level and no more than one rating factor can be scored at the "not satisfactory" level.
- D. The City will contribute to a City-sponsored IRS 457 deferred compensation program of the employee's choice according to the following schedule:

City of Morgan Hill Resolution No. Page 3 of 6

3% of base salary per pay period for employees who have been employed with the City for up to four years

4% of base salary per pay period for employees who have been employed with the City from four to eight years

5% of base salary per pay period for employees who have been employed with the City for over eight years

SECTION 3 — CONTRIBUTION TO THE PERS RETIREMENT SYSTEM, GROUPS 1-A, B, C

- A. Non-Safety employees listed in Sections 1-A, 1-B, and 1-C will receive PERS retirement benefits under the 2% at 55 plan.
- B. Safety employees listed in Sections 1-A and 1-B, will receive PERS retirement benefits under the 3% at 50 plan.

SECTION 4 — HEALTH CARE CONTRIBUTIONS AND IRS 125 PLAN, GROUPS 1-A, B, C

A. <u>City Health Insurance Contributions</u>

For family health care allowance, City will pay 90% of the total cost of the lowest cost PEMHCA medical plan, plus dental

For employee plus one dependent, City will pay 96.5% of the total cost of the lowest cost PEMHCA medical plan, plus dental

Medical and/or dental in-lieu pay and employee only medical coverage will be \$610 per month

- B. Employees listed in Sections 1-A, B and C who do not use their full health allowance may use their surplus amount for optional benefits such as cancer or heart/stroke insurance premiums, vision, long term care insurance, or for participating in medical reimbursement or dependent care expense accounts. If employees do not use their surplus for optional benefits, it will be added to their salary as taxable income.
- C. The City will continue to offer an IRS 125 program.

SECTION 5 — GENERAL BENEFIT PROVISIONS, GROUPS 1-A, B AND C

A. Sick Leave Accrual

- 1. Sick Leave credit for employees will be accumulated on the basis of eight hours of sick leave per month. (96 hours per year)
- 2. The City will, at the end of each calendar year, pay each employee twenty-five (25%) percent of the unused sick leave earned that year unless the employee requests not to receive such a payment.
- 3. The balance of the unused sick leave will then be accumulated on an unlimited basis.
- 4. Upon retirement, 100% of the employee's unused sick leave balance will be credited to

City of Morgan Hill Resolution No. Page 4 of 6

the employee's retirement eligibility. This amount would then be converted into time in service and added to the employee's retirement eligibility. (Reference - City contract with PERS, Section 20862.8)

5. Each employee may take 16 hours of personal leave time during the fiscal year which is charged against the current year's sick leave accrual.

B. Holidays

1. The City will grant the following paid holidays to employees listed in Sections 1-A, B and C:

New Year's Day
Martin Luther King, Jr. Day
President's Day
Cesar Chavez Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Day after Thanksgiving
Christmas Eve
Christmas Day

One-half day holiday to be observed on either December 22, 2004 or December 30, 2004

Two floating holidays (These two floating holidays must be used during the fiscal year)

Holidays are worth eight (8) hours of time off; employees on alternate work schedules must use additional leave balances to receive full pay on a holiday.

2. With the approval of the employee's supervisor, employees may "float" holidays to another day within the same fiscal year provided they work on the holiday.

C. Vacation Leave Accrual

- 1. Each employee listed in Sections 1-A, B and C will be credited vacation on the basis of 120 hours per year for the first five (5) years of City service. After five (5) years of service, vacation will be credited on the basis of 160 hours per year.
- 2. The maximum accumulation of vacation will be no more than that earned for two years.
- 3. Additional vacation accrual will not be provided until the employee's vacation balance drops below the maximum accrual limit.
- 4. Employees listed in Sections 1-A, B and C may cash out up to 80 hours of accrued vacation or administrative leave per fiscal year.

D Administrative Leave, Groups 1-A and 1-B and 1-C

- 1. Employees listed in Sections 1-A and 1-B receive and may use up to 72 hours administrative leave with pay per fiscal year.
- 2. Administrative leave time for employees in groups 1-A and B will be available for one additional year if not used in the fiscal year that it was initially available. If, however, the administrative leave time that was carried over to the following fiscal year is not used during the second year, it will be lost at the end of the second fiscal year. In effect, the maximum amount of administrative leave time that may be available to an employee at any given time is 144 hours.
- 3. Per Section 5.C.4, employees may cash out up to 80 hours of accrued administrative leave per fiscal year.

E. Professional Development

1. It shall be the philosophy of the City to encourage employees to attend classes, seminars, conferences, etc. which will enable the employee to develop professionally. Such attendance must be approved by the Department Director and the City Manager. The City may request employees who complete such a course to report or train other employees in the skills they have attained.

2. Tuition Reimbursement Program

Employees listed in Sections 1-A, B and C are eligible to receive tuition reimbursement of up to \$1000 per fiscal year for the cost of books and tuition for classes or courses beneficial to the employee's career development. All classes must be approved in advance by the Department Director or City Manager. Reimbursement will take place upon a successful completion or passing of the course.

3. **Membership Dues** — For employees listed in Sections 1-A and 1-B, the City shall provide a personal membership dues reimbursement of up to \$250.00 per fiscal year for costs associated with joining and participating in Morgan Hill community service organizations such as Rotary, Kiwanis, or Chamber of Commerce. Reimbursement of membership dues for community service organizations other than those listed above requires the prior approval of the City Manager.

F. Life and Disability Insurance

- 1. The City shall pay the premiums for short-term disability, long-term disability and life insurance plans.
 - a. Life insurance levels shall be as follows for the employees listed in Section 1:

 Section 1-A
 \$ 250,000

 Section 1-B
 \$ 150,000

 Section 1-C
 \$ 75,000

- b. Short-term disability coverage for employees in Sections 1-A, B and C shall be at the maximum rate of \$925 per week based on 66 2/3% of the actual weekly salary after an eight-day elimination period.
- c. Long-term disability coverage for employees in Sections 1-A, B and C shall be at the maximum rate of \$6,000.00 per month based on 66 2/3% of the actual

City of Morgan Hill Resolution No. Page 6 of 6

monthly salary after a 60-day elimination period.

G. Retirement Medical Plan

1. Employees listed in Sections 1-A, B, and C may continue enrollment in the City's medical plans upon retirement. Such enrollment will be contingent upon the employee meeting the requirements of the medical plan and paying the monthly premium to PERS at the employee's expense. It will be the employee's responsibility to make sure the insurance premium is paid to PERS before the due date. Failure to do so will result in the employee being terminated from their medical coverage.

H. Safety Employee Uniform Allowance

Safety employees in Groups 1-A and B will be eligible for the following uniform allowance:

Chief of Police and Police Lieutenant \$920.00 Police Support Services Supervisor \$570.00

I. Work Schedule

The City Manager will establish the standard work schedule for employees listed in Sections 1-A, B and C. Based on the needs of the City, the City Manager may, at his/her discretion, change the work schedules of employees at any time.

SECTION 6 — EFFECTIVE DATE

This resolution shall be effective March 25, 2005. Compensation shall be made available to only those employees covered by this section who are still employed as a full-time management or confidential employee with the City as of the effective date of this agreement.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th Day of December, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on December 15, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

Agenda	Item #	15	
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Prepared By:

Deputy City Clerk

City Clerk

Approved By:

City Attorney

Submitted By:

City Manager

AMENDMENT TO THE CITY OF MORGAN HILL'S RECORDS RETENTION SCHEDULE

RECOMMENDED ACTION(S):

Motion to adopt Resolution amending the City's Records Retention Schedule.

EXECUTIVE SUMMARY: In January 1996, the City Council adopted Resolution No. 4967, a Records Retention Schedule. The resolution requires that the retention schedule be reviewed annually and updated when necessary. The Council Services and Records Manager coordinated a city-wide review of the Records Retention Schedule and is recommending some revisions to the Schedule in order to provide greater clarity and efficiency in the process of legal retention and destruction of records. Only the amended pages of the City of Morgan Hill Retention/Disposition Schedule are attached (Exhibit "A"). Items that have been added, deleted, or amended are shown in red line.

FISCAL IMPACT: The time preparing the staff report was accommodated by the City Clerk's operating budget and work plan.



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

ADOPT ORDINANCE NO. 1703, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1694, NEW SERIES, EXHIBIT B (ALLOWED USES FOR DIGITAL ISLAND VENTURE PROFESSIONAL CENTER) TO ALLOW A MAGNETIC RESONANCE IMAGING FACILITY (APNs 726-25-080 thru -082) (ZA-04-07: DIGITAL – VENTURE PROFESSIONAL CENTER)

Agenda Item #16
Prepared By:
Deputy City Clerk
Approved By:
City Clerk
Submitted By:
City Manager

RECOMMENDED ACTION(S):

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1703, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On December 1, 2004, the City Council Introduced Ordinance No. 1703, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing these applications.

ORDINANCE NO. 1703, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1694, NEW SERIES, EXHIBIT B (ALLOWED USES FOR DIGITAL ISLAND VENTURE PROFESSIONAL CENTER) TO ALLOW A MAGNETIC RESONANCE IMAGING FACILITY (APNs 726-25-080 thru-082) (ZA-04-07: DIGITAL – VENTURE PROFESSIONAL CENTER)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

- **SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- **SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- SECTION 3. An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of the California Environmental Quality Act. A mitigated Negative Declaration will be filed.
- SECTION 4. The City Council finds that the proposed amendments to the Planned Unit Development District are consistent with the criteria specified in Chapter 18.30 of the Morgan Hill Municipal Code.
- **SECTION 5.** The City Council hereby approves a Magnetic Resonance Imaging (MRI) facility within the Venture Professional Center.
- **SECTION 6.** Exhibit B of Ordinance No. 1694, New Series, is hereby amended to include an MRI facility as a permitted use within Building 1 on Lot 3 of the Venture Professional Center.
- SECTION 7. Approval of this zoning amendment request shall not become effective until such time that the applicant (Morgan Hill Development Partners) cures all defaults of any subdivision improvement agreement; development agreement, including but not limited to payment of assessments, penalties and interest; and/or any other agreements between the applicant and the City of Morgan Hill.
- **SECTION 8.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1703, New Series Page 2

SECTION 9. Effective Date; Publication. This Ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 1 st Day of December 2004, and was finally adopted at a regular meeting of said Council on the th Day of December 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:		
NOES:	COUNCIL MEMBERS:		
ABSTAIN:	COUNCIL MEMBERS:		
ABSENT:	COUNCIL MEMBERS:		
ATTEST:		APPROVED:	
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor	
	∞ <u>CERTIFICATE C</u>	OF THE CITY CLERK &	
CALIFORN	IIA, do hereby certify that the for	RK OF THE CITY OF MORGAN HI egoing is a true and correct copy of Ordinance cil of the City of Morgan Hill, California at toer 2004.	No.
WIT	NESS MY HAND AND THE SI	EAL OF THE CITY OF MORGAN HILL.	
DATE:			
		IRMA TORREZ, City Clerk	



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

ADOPT ORDINANCE NO. 1704, NEW SERIES, AS AMENDED

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING CHAPTER 13.28 (SOLID WASTE COLLECTION AND DISPOSAL) OF TITLE 13 (PUBLIC SERVICES) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING GARBAGE CONTAINER PLACEMENT FOR COLLECTION

Agenda Item # 17
Prepared By:
Deputy City Clerk
Approved By:
City Clerk
Submitted By:
City Manager

RECOMMENDED ACTION(S):

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1704, New Series, As Amended, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On December 1, 2004, the City Council Introduced Ordinance No. 1704, New Series, As Amended, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

No budget adjustment is requested at this time.

ORDINANCE NO. 1704, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING CHAPTER 13.28 (SOLID WASTE COLLECTION AND DISPOSAL) OF TITLE 13 (PUBLIC SERVICES) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING GARBAGE CONTAINER PLACEMENT FOR COLLECTION

WHEREAS, the City of Morgan Hill recognizes that garbage and recycling containers must be placed at the curbside of a residence for collection pursuant to Municipal Code Section 13.28.050; and,

WHEREAS, in recent months the City received several complaints regarding the storage of garbage containers at the curb long after collection services have occurred;

WHEREAS, the City of Morgan Hill wishes to provide for the proper storage of garbage and recycling containers in order to minimize obstructions on public streets and sidewalks, and to minimize visual impacts; and,

WHEREAS, based on these interests the City of Morgan Hill adopted Ordinance 674 in 1984 regulating the placement of garbage containers; and,

WHEREAS, in order to minimize obstructions and visual impacts, the City wishes to amend the Municipal Code to clarify how long garbage containers can be placed at the curbside for collection

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AND ENACT AS FOLLOWS:

Section 1. Section 13.28.060 of Chapter 13.28 (Solid Waste Collection and Disposal) of Title 13 (Public Services) of the Municipal Code of the City of Morgan Hill is hereby amended to read as follows:

13.28.060 Garbage containers – Placement for collection.

Collection of solid waste, recyclables, and organic wastes shall be at the curbside of the customer's property unless arrangements are made with the company by the customer for a side yard pickup and payment of the additional rate for side yard pickups. Containers shall not be placed at the curbside for collection before noon 6 A.M. on the day preceding collection and shall be properly stored as specified in Section 13.28.050 no later than 6 A.M. the day immediately following the day after collection.

<u>Section 2.</u> Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

City of Morgan Hill Ordinance 1704, New Series Page - 2 -

<u>Section 3.</u> <u>Effective Date; Posting.</u> This ordinance shall take effect thirty (30) days after its second reading. This ordinance shall be posted at City Hall.

The foregoing ordinance was introduced, as amended, at the regular meeting of the City Council of the City of Morgan Hill held on the 1st Day of December 2004, and was finally adopted at a regular meeting of said Council on the th Day of December 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSTAIN: ABSENT:	COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS:	
ATTEST:		APPROVED:
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor
	∞ <u>CERTIFICATI</u>	E OF THE CITY CLERK 03
CALIFORN 1704, New Se	IA, do hereby certify that the	LERK OF THE CITY OF MORGAN HILL, foregoing is a true and correct copy of Ordinance No. ne City Council of the City of Morgan Hill, California at December 2004.
WIT	NESS MY HAND AND THE	SEAL OF THE CITY OF MORGAN HILL.
DATE:		
		IRMA TORREZ, City Clerk

Submitted for Approval: December 15, 2004

CITY OF MORGAN HILL SPECIAL CITY COUNCIL MEETING MINUTES – DECEMBER 1, 2004

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 9:15 p.m.

ROLL CALL ATTENDANCE

Present: Council Members Carr, Grzan, Sellers, Tate and Mayor Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

CLOSED SESSION:

City Attorney Leichter announced the below listed closed session items.

1.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code Section 54956.9(a)
Case Name: Berkman v. City of Morgan Hill et al.

Case Number: Santa Clara County Superior Court, 1-04-CV-031021

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Case Name: Jackson v. City Morgan Hill
Case Number: San Jose WCAB SJO246465

Attendees: City Manager, City Attorney, Human Resources Director

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to Closed Session at 9:17 p.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 10:05 p.m.

City of Morgan Hill Special City Council Meeting Minutes – December 1, 2004 Page - 2 –

CLOSED SESSION ANNOUNCEMENT

City Attorney Leichter announced that authority was given to defend the City in the Berkman v. City of Morgan Hill et al case.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 10:07 p.m.

MINUTES RECORDED AND PREPARED BY:
IRMA TORREZ, CITY CLERK

Submitted for Approval: December 15, 2004

CITY OF MORGAN HILL SPECIAL CITY COUNCIL WORKSHOP ON COYOTE VALLEY SPECIFIC PLAN MINUTES – DECEMBER 1, 2004

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 4:36 p.m.

ROLL CALL ATTENDANCE

Present: Mayor Kennedy

Arriving Late: Council Members Carr, Sellers, Tate

Absent: Council Member Chang

DECLARATION OF POSTING OF AGENDA

Deputy City Clerk Tewes certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954 2

WORKSHOP:

1. WELCOME AND INTRODUCTIONS

Mayor Kennedy welcomed everyone to the meeting. He asked that members of the public come forward to speak about items not listed on the agenda. Seeing none, Mayor Kennedy proceeded with the meeting.

2. <u>SUMMARY AND DISCUSSION OF COYOTE VALLEY SPECIFIC PLAN PROGRESS</u>

Contract planner David Bischoff described the 4 handouts distributed to each member. The forms and handouts and discussion regarding each was as follows:

a) LAND USE

Contract Planner Bischoff explained the City of San Jose's land use plan for Coyote Valley. Mayor Kennedy is concerned about the proposed 18 story buildings and stated that the project has the same density as Chicago.

Contract Planner Bischoff then discussed the Summary of Slides from the recent Coyote Valley Specific Plan (CVSP) task force meeting regarding Workplace Alternates. The CVSP has determined that most commuting will come from the North, with only 21 percent coming from the South. These figures are being disputed by the South County group and there is a general consensus that a much larger percentage of the communities will come from the South.

Contract Planner Bischoff then described the 11"x 17" handout, "Land Use Master Plan" which was discussed at the last CVSP task force meeting, showing Fisher Creek being moved to the east. There is a parkway along the creek which connects to Santa Teresa Road which makes it a less 'out of

City of Morgan Hill Special City Council Workshop – Coyote Valley Specific Plan Minutes – December 1, 2004 Page - 2 -

the way" access road. Most jobs will be located in the northern portion of the Valley and it is proposed that there will be 50,000 jobs in 470 acres, allowing for 5, 000 jobs in mixed use projects. There is not a lot of interest in having big box stores, as the task force proposes more walking and public transit. The task force is not currently planning on a hospital and has met with Ted Fox on this issue. It has been reported that Mayor Gonzales wishes to revisit this issue and asked for further investigation into health care needs.

b) <u>TRAFFIC</u>

The task force will use the VTA 2030 model and expects to work out the bugs and rerun the model to determine how it effects South County. Contract Planner Bischoff believes this is encouraging as the model includes all counties in the region, and that commute patterns are being considered. There has been discussion that at full build out, Santa Teresa could be 2 lanes, making Monterey Road 6 lanes. Highway 101 was discussed, however no definitive details were provided. Mr. Bischoff will meet with San Jose staff once they run the model.

Mayor Kennedy explained that the VTP 2030 traffic model regarding the number of lanes required to handle the anticipated traffic in Santa Clara County excludes Coyote Valley, and pointed out to the CVSP task force that it makes no sense not to include the impacts of Coyote Valley. He stressed that transportation is the most significant and critically important issue, and that VTA needs to get jobs and housing incorporated into the model.

c) SCHOOLS

Morgan Hill Unified School District (MHUSD) Superintendent Dr. Carolyn McKennan commented that she was invited to visit 3 urban San Jose elementary schools, one of which is a downtown school with 2.7 acres. In another school, the students play at a nearby park and attend classes in a multi-story building which is supposedly less expensive to build. Dr. McKennan explained that she does not have an issue with a multi story facility, and was asked by San Jose staff if Morgan Hill Unified had given thought to that. School Board Member Shelle Thomas stated that she went along and saw what could be done with limited acreage. Dr. McKennan explained a handout she was given regarding space utilization which seemed to downplay the educational experience. She expressed concern that some of the design in the CVSP did not make sense as to where the elementary, middle and high school were to be located. San Jose appears to desire a larger population on each campus than Morgan Hill is accustomed to. San Jose staff is looking for ways to use rooftops and structured parking and believes it is easier to maintain multi-story buildings. Dr. McKennan believes that San Jose only wants to conserve space, however, there are many concerns from the School District on the proper amount of acreage per school. She is concerned that communication between San Jose and Morgan Hill is not going very well.

Board Member Thomas indicated that she made comments at the November 8, 2004 meeting, stressing the importance that San Jose use recommendations from MHUSD, and is very concerned about what is best for the students is being decided by planners, rather than educators. She noted that San Jose shows an increased capacity of land use by situating schools near parks and that MHUSD standards vary greatly from San Jose.

City of Morgan Hill Special City Council Workshop – Coyote Valley Specific Plan Minutes – December 1, 2004 Page - 3 -

Russ Danielson, CVSP task force member, stated that we are trying to send a message from the 18 member committee and that the committee has distinct educational mandates. He also stated that there have been conversations regarding high schools and about how many students should be put on one campus. His fear is about how many students San Jose wants to put in one high school.

Dr. McKennan says that no money is coming from San Jose to pay for new schools. In the "Evergreen Plan", homeowners pay hefty school fees and the schools came along when development occurred. There has been no conversation about how the schools will be built, and wonders if they might use Mello-Roos funding? She is reluctant to think about how much it will cost and says that no one is doing that right now.

Contract Planner Bischoff explained that infrastructure will be a major issue at the upcoming December 13 meeting, indicating that infrastructure costs are very high.

Mayor Kennedy is concerned that we are running out of time to have meaningful conversations because the Task Force is being asked to approve conceptual plans on 12/13/04. He recommends that MHUSD make a strong statement prior to the 12/13 meeting, and advised the school district to go on record, verbally, as well as in writing, to make their position known.

Santa Clara County Board of Supervisors Don Gage believes that the vision and concept has been decided without first working out the details. He does not believe the traffic patterns are correct and thinks that companies will bring the technical people with the company when it moves south, and will then hire others once the company moves to Coyote Valley. He states that it is important to act soon before all the current council members are out of office and that the EIR is a fine place to state our needs. He also suggested that legal action may be necessary.

City Attorney Helene Leichter discussed the frustration with this scenario since this is a visionary plan without specifics, making it difficult to sue unless there are violations of the EIR. She inquired as to whether or not San Jose has adequate evidence to mitigate traffic and supply the proper educational facilities? Pre-emptive action is difficult until the vision is translated into action.

Mayor Pro Tempore Sellers stated that this is the political phase, and asked the committee if it has ever been discussed by San Jose that south county is considering legal options?

Supervisor Gage stated that San Jose wants to provide the vision while letting someone else figure out how to implement the plan. He is concerned that there are not specifics on which to base legal action.

Board Member Thomas inquired as to what the land owners point of view is?

Supervisor Gage believes the land owners like this vision, and if all of the infrastructure goes in, they will become realize significant profits. There was an opportunity in past years for this to occur, but the economy went south.

Mayor Kennedy stated that the developers think the plan provides for too much density. He stated that this committee needs to make a strong statement. The current plan is too dense for industrial and

City of Morgan Hill Special City Council Workshop – Coyote Valley Specific Plan Minutes – December 1, 2004 Page - 4 -

residential development. This is a strong political body and the stakeholders need to make a strong statement regarding San Jose's vision.

City Attorney Leichter mentioned that she and Rick Doyle have concerns about the environmental impacts.

City Manager Tewes discussed the August letter to Mayor Gonzales that listed South County's questions requesting a response before they conduct their land use studies.

Mayor Kennedy indicated that he spoke with Mayor Gonzales who said he was apologetic about not responding to the August letter.

Council Member Carr believes that a letter should be sent stating that San Jose needs to start over since we didn't get answers to the August letter. He recommended that the letter be sent before December 13, 2004, asking other questions, and making public these issues. He said that this issue has received a great deal of press in the Morgan Hill Times and the Gilroy newspapers, however, we are not reaching the people we need to reach. He then asked Supervisor Gage if the County is ready to become involved in a legal sense.

Supervisor Gage responded that he would go ahead and become involved with the roads and school issues, so San Jose would get hit from 3 or 4 different areas. He then stated that the habitat conservation plan needs to fold into this plan and the Federal Fish and Wildlife plan needs to go first. He is certain that we won't see an EIR for 2 years.

Council Member Carr made a formal motion to move ahead with the December 13th letter stating that we have not received a response to our previous letter; the vision plan is too dense and is not going to work for south county; we collectively demand that our issues are addressed; and we should make a public statement that we're ready to take legal action rejecting this vision.

Mayor Pro Tempore Sellers stated that none of the agencies present oppose the Coyote Valley development, however since San Jose isn't hearing our concerns, we must take opposition to the vision. We must release the letter to the San Jose Mercury News and Mayor Kennedy should present it at the next CVSP Task Force meeting. (He requests that we time it so that the press is notified by 12/10/04).

Board Member Thomas suggested copying Santa Teresa Neighborhood Association and all San Jose Council members. She understands that the MHUSD attorney will be at the 12/13/04 meeting.

d) GREENBELT

Contract Planner Bischoff mentioned that at the 12/13 meeting, the task force will be talking about the conceptual plan for the greenbelt that will be recommended to the San Jose City Council on January 25, 2005. He understands that San Jose does not anticipate incorporating the annexation of any greenbelt land. The CVSP Task force will meet on 1/10/05, and the City Council will hear this on 1/25/05.

3. <u>SUMMARY AND DISCUSSION OF FUTURE STEPS IN SAN JOSE PROCESS</u>

None

City of Morgan Hill Special City Council Workshop – Coyote Valley Specific Plan Minutes – December 1, 2004 Page - 5 -

4. STATUS OF RESPONSE FROM MAYOR GONZALES

None, discussed above.

5. IDENTIFY FUTURE STEPS FOR SOUTH COUNTY AGENCIES

Move the date of the next ULL meeting as it conflicts with the proposed date of the next Coyote Valley Stakeholders meeting on Wednesday, 1/12/05.

City Council Action

Action:

On a motion by Council Member Carr and seconded by Mayor Kennedy, the City Council unanimously (4-0) <u>Approved</u> Council Member Carr's motion to move ahead with a December 13th letter stating that we have not yet received a response to our previous letter; the vision plan is too dense and is not going to work for south county; the South County Stakeholders collectively demand that the identified issues are addressed; and the City is to make a public statement that it's ready to take legal action rejecting this vision.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

MINUTES RECORDED AND PREPARED BY.

No items were identified.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 5:45 p.m.

THE TEST RECORDED THE TREE	THE DIT
LISA LEWIS, OFFICE ASSISTANT	II



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

NOVEMBER 2004 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended November 30, 2004. The report covers the first five months of activity for the 2004/2005 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

CITY OF MORGAN HILL Monthly Financial and Investment Reports

November 30, 2004 – 42% Year Complete



Prepared by:

FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05 FOR THE MONTH OF NOVEMBER 2004 - 42% OF YEAR COMPLETE

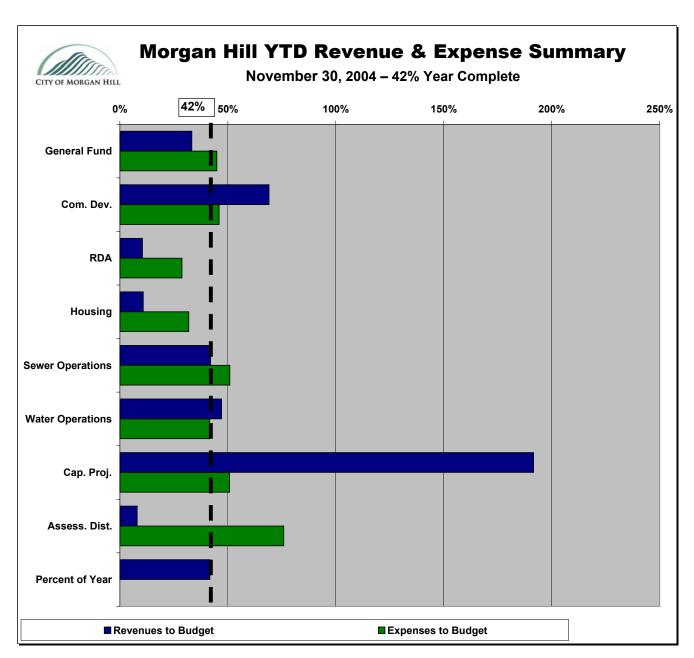
This analysis of the status of the City's financial situation reflects 42% of the year. However, this analysis is somewhat limited. For some revenue sources, such as property taxes, transient occupancy taxes and franchise fees, only limited amounts have been received as of this time of the year.

- * General Fund The revenues received in the General Fund were approximately 33% of the budgeted revenues. Only 24% of property related taxes have been received by the City. The amount of Sales Tax collected was 38% of the sales tax revenue budget and 1% less than the amount received for the prior year. However, sales tax receipts have been impacted, as of September 2004, because the State, under the triple flip legislation, began to send the City at that time only ¾ of the 1% in sales taxes that the City is entitled to. An estimate of the remaining ¼% will be distributed by Santa Clara County for the 2004/05 fiscal year in January and May 2005. Business license and other permit collections were 107% of the budgeted amount. Business license renewal fees were due in July; therefore most of these collections were normal. Motor Vehicle-in-Lieu revenues were \$133,357. The amount of Motor Vehicle-in-lieu fees dropped significantly in this fiscal year, consistent with State budget revenue revisions and will be mostly compensated for through higher property tax allocations from Santa Clara County. Interest & Other Revenue were 42% of budget and do not reflect October or November interest earnings that will be posted in January 2005 as part of earnings for the quarter ended December.
- * The General Fund expenditures and encumbrances to date totaled 45% of the budgeted appropriations. If the \$480,293 in encumbrances were excluded, only 42% of the budget would have been expended. The higher costs are primarily related to the timing of Aquatics and legal expenditures. The outstanding encumbrances in several activities are encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year.
- * Transient Occupancy (Hotel) Tax The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first quarter ended September 30 amounted to \$285,118 or 6% more than the amount received by the City in the prior year.
- * Community Development Revenues were 69% of budget, which was 50% more than the amount collected in the like period for the prior year. Compared to the prior year, planning and engineering fees this year were higher and building fees were lower. Planning expenditures plus encumbrances were 51% of budget; Building has expended or encumbered 44% of budget and Engineering 43%. Community Development has expended or encumbered a combined total of 46% of the 2004/05 budget, including \$327,351 in encumbrances. If encumbrances were excluded, Community Development would have spent only 36% of the combined budget.
- * **RDA and Housing** Only \$2,109,437 in property tax increment revenues has been received as of November 30, 2004. Expenditures plus encumbrances totaled 29% of budget. If encumbrances totaling \$2,770,046 were excluded, the RDA would have spent 19% of the combined budget.
- * Water and Sewer Operations- Water Operations revenues, including service fees, were 47% of budget. Expenditures totaled 42% of appropriations. Sewer Operations revenues, including service fees, were 42% of budget. Expenditures for sewer operations were 51% of budget. This higher percentage results from a principal and interest payment on debt service paid in July.



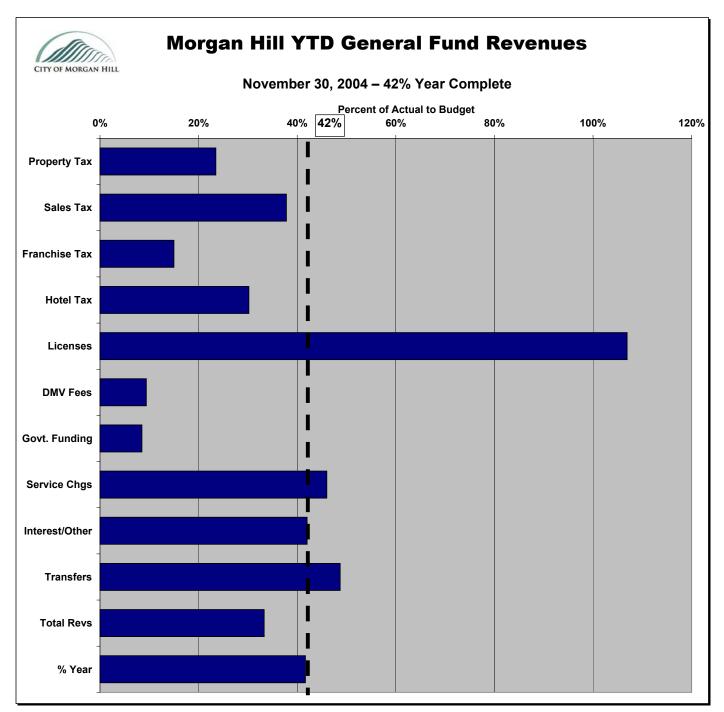
CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05 FOR THE MONTH OF NOVEMBER 2004 - 42% OF YEAR COMPLETE

* Investments maturing/called/sold during this period. – During the month of November, \$4 million was invested in Federal Agency investments. Further details of all City investments are contained on pages 6-8 of this report.



	REVENU	IES	EXPENS	11/30/2004	
		% OF	ACTUAL plus	% OF	UNRESTRICTED
FUND NAME ACTUAL		BUDGET	ENCUMBRANCES	BUDGET	FUND BALANCE
General Fund	\$5,609,512	33%	\$8,499,156	45%	\$7,987,893
Community Development	1,890,481	69%	1,568,517	46%	1,804,369
RDA	1,804,716	10%	5,835,997	29%	(238,116)
Housing/CDBG	544,501	11%	2,104,129	32%	4,955,369
Sewer Operations	2,363,520	42%	3,324,605	51%	2,492,200
Sewer Other	687,530	52%	1,031,285	20%	12,050,426
Water Operations	4,076,492	47%	3,334,154	42%	4,022,902
Water Other	7,890,712	127%	1,163,647	16%	3,462,172
Other Special Revenues ¹	430,083	52%	962,787	43%	3,053,460
Capital Projects & Streets Funds	10,040,030	192%	9,446,355	51%	24,142,958
Debt Service Funds	25,840	8%	177,361	76%	247,539
Internal Service	2,012,724	39%	2,311,653	48%	4,673,262
Agency	316,203	12%	1,683,424	68%	2,570,490
				/	47.00.00.
TOTAL FOR ALL FUNDS	\$37,692,344	48%	\$41,443,070	39%	\$71,224,924

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds

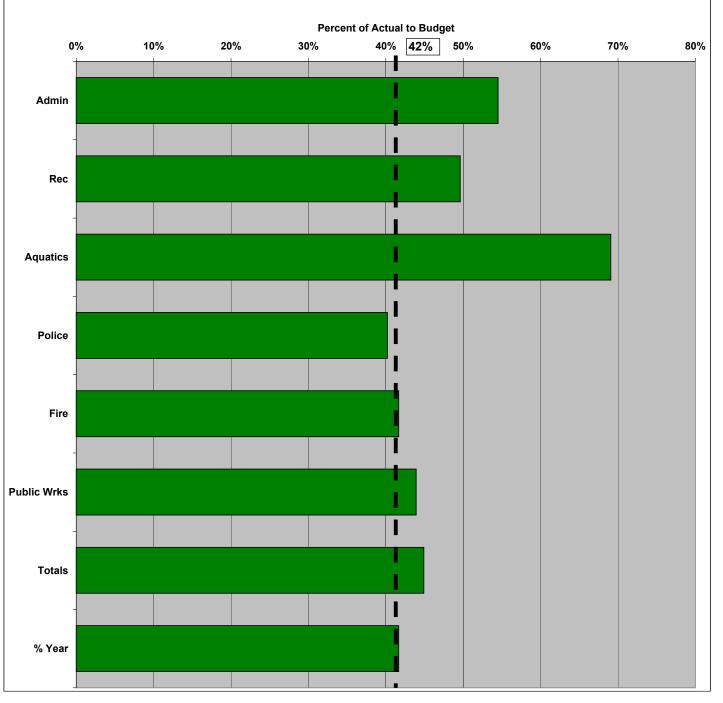


			% OF	PRIOR YEAR	% CHANGE FROM
REVENUE CATEGORY	BUDGET	ACTUAL	BUDGET	TO DATE	PRIOR YEAR
PROPERTY RELATED TAXES	\$3,328,396	\$782,261	24%	\$745,709	5%
SALES TAXES	\$4,852,000	\$1,832,003	38%	\$1,847,901	-1%
FRANCHISE FEE	\$965,000	\$144,624	15%	\$135,209	7%
HOTEL TAX	\$945,000	\$285,118	30%	\$270,117	6%
LICENSES/PERMITS	\$201,720	\$215,645	107%	\$154,539	40%
MOTOR VEHICLE IN LIEU	\$1,423,800	\$133,357	9%	\$424,880	-69%
FUNDING - OTHER GOVERNMENTS	\$304,400	\$25,963	9%	\$42,871	-39%
CHARGES CURRENT SERVICES	\$3,535,076	\$1,624,542	46%	\$1,028,118	58%
INTEREST & OTHER REVENUE	\$881,461	\$369,850	42%	\$298,972	24%
TRANSFERS IN	\$403,100	\$196,149	49%	\$308,334	-36%
	•	•	•		•
TOTALS	\$16,839,953	\$5,609,512	33%	\$5,256,650	7%



Morgan Hill YTD General Fund Expenditures

November 30, 2004 – 42% Year Complete



Expenditure Category	В	udget	Encumbrances		% of Budget	
ADMINISTRATION		5,619,079	3	,036,333	55%	
RECREATION		285,551		182,377	50%	
AQUATICS		1,179,260		814,572	69%	
POLICE		8,015,630	3	,222,181	40%	
FIRE		4,194,617	1	,747,768	42%	
PUBLIC WORKS		706,957		310,497	44%	
TOTALS	\$ 1	8,920,859	\$ 8	,499,156	45%	



City of Morgan Hill Fund Activity Summary - Fiscal Year 2004/05 For the Month of November 2004 42% of Year Completed

		Unaudited	Revenues	1270 01 10	Expenses		Year to-Date	Ending Fur	d Ralance	Cash and In	voetmonte
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or	Litaling Full	la Balance	Ousii uliu iii	vestilients
No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$10,898,370	\$5,609,512	33%	\$8,039,696	42%	(\$2,430,184)	\$480,293	\$7,987,893	\$9,030,749	\$6,150
TOTAL G	ENERAL FUND	<u>\$10,898,370</u>	<u>\$5,609,512</u>	<u>33%</u>	\$8,039,696	<u>42%</u>	<u>(\$2,430,184)</u>	<u>\$480,293</u>	\$7,987,893	<u>\$9,030,749</u>	<u>\$6,150</u>
000	OTDEET MAINTENANOE	04 454 750	#707 700	E00/	# 7 07.050	000/	#70.400	0000 004	04.050.074	04 440 000	
202	STREET MAINTENANCE	\$1,454,752	\$797,782	53%	\$727,356	33%	\$70,426	\$268,304	\$1,256,874	\$1,418,823	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$321,965	\$101,608	96%	\$73,133	42%	\$28,475	2007.054	\$350,440	\$350,439	
206	COMMUNITY DEVELOPMENT	\$1,482,405	\$1,890,481	69%	\$1,241,166	36%	\$649,315	\$327,351	\$1,804,369	\$2,183,574	
207	GENERAL PLAN UPDATE	\$231,849	\$65,033	81%	\$19,852	13%	\$45,181	\$207,529	\$69,501	\$277,232	
210	COMMUNITY CENTER	\$99,678	\$21,369	41%	***	n/a	\$21,369		\$121,047	\$121,047	
215 / 216		\$127,519	\$17,741	10%	\$34,258	5%	(\$16,517)	541,100	(\$430,098)	\$112,382	
220	MUSEUM RENTAL			n/a		n/a					
225	ASSET SEIZURE	\$38,956	\$10,203	1000%	\$19,996	n/a	(\$9,793)	\$16,925	\$12,238	\$29,163	
229	LIGHTING AND LANDSCAPE	(\$1,173)	\$269	0%	\$64,809	46%	(\$64,540)	\$43,590	(\$109,303)	(\$65,157)	
232	ENVIRONMENTAL PROGRAMS	\$675,334	\$117,185	29%	\$191,588	36%	(\$74,403)	\$102,378	\$498,553	\$604,380	
234	MOBILE HOME PK RENT STAB.	\$168,580	\$6,108	119%	\$6,574	3%	(\$466)	\$189,412	(\$21,298)	\$167,996	
235	SENIOR HOUSING	\$252,691	\$1,318	24%			\$1,318		\$254,009	\$254,009	
236	HOUSING MITIGATION	\$1,141,855	\$88,449	735%	-		\$88,449	-	\$1,230,304	\$1,230,304	
240	EMPLOYEE ASSISTANCE	\$80,549	\$15,576	54%	21,121	84%	(\$5,545)		\$75,004	\$74,033	
247	ENVIRONMENT REMEDIATION	\$570,000	2,965	n/a			\$2,965		\$572,965	\$572,965	
TOTAL S	PECIAL REVENUE FUNDS	<u>\$6,644,960</u>	<u>\$3,136,087</u>	<u>60%</u>	\$2,399,853	<u>28%</u>	<u>\$736,234</u>	<u>\$1,696,589</u>	<u>\$5,684,605</u>	<u>\$7,331,191</u>	
004	DADY DEV MADA OT ELINID	00 500 101	2005 444	500/	051 710	00/	2070 700	074 500	#0 7 00 0 40 II	П	00.040.000
301	PARK DEV. IMPACT FUND	\$3,539,104	\$325,444	56%	\$51,716	2%	\$273,728	\$74,583	\$3,738,249		\$3,812,832
302	PARK MAINTENANCE	\$3,047,206	\$229,900	90%	\$31,250	21%	\$198,650		\$3,245,856	\$3,245,856	
303	LOCAL DRAINAGE	\$3,027,986	\$306,687	126%	\$640	0%	\$306,047		\$3,334,033		\$3,334,033
304	LOCAL DRAINAGE/NON-AB1600	\$3,249,120	\$93,580	64%	\$14,264	2%	\$79,316	\$7,741	\$3,320,695	\$3,228,436	
305	OFF-STREET PARKING			n/a	-	n/a					
306	OPEN SPACE	\$699,078	\$211,237	128%	492		\$210,745	\$10,000	\$899,823	\$909,822	
309	TRAFFIC IMPACT FUND	\$3,119,744	\$352,971	54%	\$134,556	7%	\$218,415	\$672,665	\$2,665,494		\$3,323,559
311	POLICE IMPACT FUND	\$83,370	\$42,911	108%	\$2,474	3%	\$40,437	\$10,000	\$113,807		\$123,807
313	FIRE IMPACT FUND	\$2,333,569	\$54,063	39%	\$575	0%	\$53,488	\$9,101	\$2,377,956		\$2,387,058
317	REDEVELOPMENT AGENCY	\$3,864,214	\$1,804,716	10%	\$3,162,850	16%	(\$1,358,134)	2,744,196	(\$238,116)	\$3,168,161	
327 / 328	HOUSING	\$6,872,096	\$526,760	11%	\$1,916,490	29%	(\$1,389,730)	96,899	\$5,385,467	\$5,600,866	
340	MORGAN HILL BUS.RANCH I	\$49,375	\$256	24%			\$256		\$49,631	\$49,631	
342	MORGAN HILL BUS.RANCH II	\$55,451	288	61%			\$288		\$55,739	\$55,739	
346	PUBLIC FACILITIES NON-AB1600	\$936,101	\$7,409,570	1178%	6,904,422		\$505,148	\$489,253	\$951,996	\$765,411	\$676,307
347	PUBLIC FACILITIES IMPACT FUND	\$314,545	\$40,709	54%	\$569	5%	\$40,140	9,750	\$344,935		\$314,901
348	LIBRARY IMPACT FUND	\$490,953	\$19,462	4%	\$84	0%	\$19,378		\$510,331		\$510,331
350	UNDERGROUNDING	\$1,140,023	127,975	53%	\$163	0%	\$127,812	36,397	\$1,231,438	\$1,270,084	
360	COMM/REC CTR IMPACT FUND	\$18,906	27,195	53%		0%	\$27,195		\$46,101	\$46,101	
TOTAL C	APITAL PROJECT FUNDS	\$32,840,841	\$11,573,724	<u>45%</u>	\$12,220,545	28%	(\$646,821)	<u>\$4,160,585</u>	<u>\$28,033,435</u>	<u>\$18,340,107</u>	<u>\$14,482,829</u>
545	COCHRANE BUSINESS PARK	\$375,254	\$2,180	1%	\$147,782	76%	(\$145,602)	_	\$229,652	\$48,702	\$180,950
551	JOLEEN WAY	\$23,806	\$23,660	57%	\$29,579	75%	(\$5,919)		\$17,887	\$638	\$17,250
TOTAL D	EBT SERVICE FUNDS	<u>\$399,060</u>	<u>\$25,840</u>	<u>8%</u>	<u>\$177,361</u>	<u>76%</u>	<u>(\$151,521)</u>		<u>\$247,539</u>	<u>\$49,340</u>	<u>\$198,200</u>

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City of Morgan Hill Fund Activity Summary - Fiscal Year 2004/05 For the Month of November 2004 42% of Year Completed

	1			72 /0 OI I	ear Completed						
		Unaudited	Revenues		Expenses		Year to-Date	Ending Fund Balance		Cash and Investments	
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²
	1	l				<u> </u>	<u> </u>	L	Į.	<u>.</u>	
640	SEWER OPERATIONS	¢14 60E 016	\$2.363.520	42%	£2 171 140	49%	(\$807.620)	£11 20E 006	\$2,492,200	\$2.272.864	£1 004 002
640		\$14,685,816	, , ,		\$3,171,140		(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	\$11,385,996	, , - ,	\$2,272,864	\$1,894,003
641	SEWER IMPACT FUND	\$9,717,249	\$652,688	55%	\$176,111	4%	\$476,577	4,121,390	\$6,072,436	00.005.470	\$6,249,317
642	SEWER RATE STABILIZATION	\$3,975,411	\$20,643	25%	\$882	42%	\$19,761	7 440 000	\$3,995,172	\$3,995,172	
643	SEWER-CAPITAL PROJECTS	\$9,822,474	\$14,199	39%	\$413,623	34%	(\$399,424)	7,440,232	\$1,982,818	\$2,349,330	
650	WATER OPERATIONS	\$23,500,560	\$4,076,492	47%	\$2,875,695	33%	\$1,200,797	\$20,678,455	\$4,022,902	\$3,765,523	\$389,317
651	WATER IMPACT FUND	\$4,150,949	\$5,551,153	107%	\$471,784	11%	\$5,079,369	9,695,099	(\$464,782)		\$4,844,858
652	WATER RATE STABILIZATION	\$26,627	\$137	31%	\$205	42%	(\$68)		\$26,559	\$26,559	
653	WATER -CAPITAL PROJECT	\$9,372,760	\$2,339,422	230%	\$273,670	9%	\$2,065,752	7,538,119	\$3,900,395	\$4,126,773	\$1,294,587
TOTAL E	NTERPRISE FUNDS	\$75,251,846	\$15,018,254	69%	\$7,383,110	27%	\$7,635,144	\$60,859,291	\$22,027,700	\$16,536,221	\$14,672,082
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>=: 70</u>	<u> </u>	400,000,20	1 =10=11100	<u> </u>	
730	DATA PROCESSING	\$472,435	\$96,238	34%	\$203,954	45%	(\$107,716)	266,007	\$98,712	\$332,253	
740	BUILDING MAINTENANCE	\$726,398	\$688,588	42%	\$558.827	42%	\$129,761	27,784	\$828,375	\$887,021	
740 745	CIP ADMINISTRATION	\$52,654	\$471,361	34%	\$471,361	33%	\$129,701	68,428	(\$15,774)	\$121,902	
760	UNEMPLOYMENT INS.	\$47,278	φ47 1,30 1		\$25,827	47%	(\$25,827)	00,420	\$21,451	\$21,452	
		\$5,634	£410.416	n/a 47%		39%		19,250	\$92,155		\$40,000
770 700	WORKER'S COMP.		\$412,416		\$306,645		\$105,771			\$778,088	\$40,000
790	EQUIPMENT REPLACEMENT	\$3,375,628	\$142,383	38%	\$655	0%	\$141,728	543,401	\$2,973,955	\$2,973,954	
793	CORPORATION YARD	\$283,120	\$19,216	14%	\$60,976	35%	(\$41,760)	249,733	(\$8,373)	(\$27,013)	
795	GEN'L LIABILITY INS.	\$810,702	\$182,522	40%	\$310,463	73%	(\$127,941)		\$682,761	\$823,044	
TOTAL II	NTERNAL SERVICE FUNDS	\$5,773,849	\$2,012,724	<u>39%</u>	\$1,938,708	40%	\$74,016		\$4,673,262	\$5,910,702	\$40,000
820	SPECIAL DEPOSITS									\$1,221,297	
841	M.H. BUS.RANCH A.D.	\$381,939	\$1,358	n/a	\$299,893	########	(\$298,535)		\$83,404	\$83,404	
842	M.H. BUS. RANCH II A.D.	\$32,149	180	n/a	\$31	n/a	\$149		\$32,298	\$32,298	
843	M.H. BUS. RANCH 1998	\$1,296,650	\$4,650	24%	\$652,521	73%	(\$647.871)		\$648,779	(\$237,322)	\$886,101
844	MH RANCH RSMNT 2004A	\$186,838	\$302,461		\$91,198	15%	\$211,263		\$398,101	(\$2,626)	\$400,727
845	MADRONE BP-TAX EXEMPT	\$1,298,723	\$4,410		\$501,055	63%	(\$496,645)		\$802,078	\$3,777	\$798,302
846	MADRONE BP-TAXABLE	\$251,768	\$790	12%	\$100,781	57%	(\$99,991)		\$151,776	(\$2,356)	\$154,131
848	TENNANT AVE.BUS.PK A.D.	\$430,286	\$2,243	24%	ψσσ,.σ.	na	\$2,243		\$432,529	\$432,532	ψ101,101
881	POLICE DONATION TRUST FUND	\$21,414	\$111	24%			\$111		\$21,525	\$ 102,002	\$21,525
		· / /	·						. , , ,		
TOTAL A	GENCY FUNDS	<u>\$3,899,767</u>	<u>\$316,203</u>	<u>12%</u>	<u>\$1,645,479</u>	<u>67%</u>	<u>(\$1,329,276)</u>		<u>\$2,570,490</u>	<u>\$1,531,005</u>	<u>\$2,260,787</u>
SUMMAR	RY BY FUND TYPE										
	GENERAL FUND GROUP	\$10,898,370	\$5,609,512	33%	\$8,039,696	42%	(\$2,430,184)	\$480,293	\$7,987,893	\$9,030,749	\$6,150
	SPECIAL REVENUE GROUP	\$6,644,960	\$3,136,087	60%	\$2,399,853	28%	\$736,234	\$1,696,589	\$5,684,605	\$7,331,191	ψ0,100
	DEBT SERVICE GROUP	\$399,060	\$25,840	8%	\$177,361	76%	(\$151,521)	ψ1,000,000	\$247,539	\$49,340	\$198,200
	CAPITAL PROJECTS GROUP	\$32,840,841	\$11,573,724	45%	\$12,220,545	28%	(\$646,821)	\$4,160,585	\$28,033,435	\$18,340,107	\$14,482,829
	ENTERPRISE GROUP	\$75,251,846	\$15,018,254	69%	\$7,383,110	27%	\$7,635,144	\$60,859,291	\$20,033,435	\$16,536,221	\$14,462,629
								φυυ,σοθ,∠91			\$14,672,082
	INTERNAL SERVICE GROUP	\$5,773,849	\$2,012,724	39%	\$1,938,708	40%	\$74,016		\$4,673,262	\$5,910,702	
	AGENCY GROUP	\$3,899,767	\$316,203	12%	\$1,645,479	67%	(\$1,329,276)		\$2,570,490	\$1,531,005	\$2,260,787
	TOTAL ALL GROUPS	\$135,708,693	\$37,692,344	<u>48%</u>	\$33,804,752	<u>32%</u>	\$3,887,592	<u>\$67,196,758</u>	\$71,224,924	\$58,729,314	\$31,660,046
	TOTAL CASH AND INVESTMENTS									\$90,389,360	
	TOTAL CASH AND INVESTIGENTS									<u> </u>	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT FOR THE MONTH OF NOVEMBER 2004 FOR THE FISCAL YEAR OF 2004-05

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
Investments	III I Uliu	Heiu	LIIG OI WOITH	Subtotal at Cost	Total	Value
State Treasurer LAIF - City	All Funds Pooled	2.00%	\$24,850,458		27.49%	\$24,819,068 **
- RDA	RDA	2.00%	\$1,104,704		1.22%	\$1,103,308 **
- Corp Yard	Corp Yard	2.00%	\$52,611		0.06%	\$52,544 **
Federal Issues	All Funds Pooled	3.20%	\$49,245,852		54.48%	\$49,118,608 *
SVNB CD	All Funds Pooled	2.50%	\$2,000,000		2.21%	\$2.000.000 *
Money Market	All Funds Pooled	1.54%	\$34,375	\$77,288,000	0.04%	\$34,375 *
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,400			
Blackrock Provident Temp Fund US Bank - 1999 Water C.O.P.		1.37%	\$44,603		2.10%	\$1,894,003 *
First American Treasury Obligation BNY - MH Water Revenue Bonds	Water	1.14%	\$389,317		0.43%	\$389,317 *
Blackrock Liquidity Temp Fund	Water	1.38%	\$5,402,493		5.98%	\$5,402,493 *
BNY - MH Police Facility Lease Revenue Bone	ds					
JP Morgan Treasury Plus	General Fund	1.21%	\$676,307		0.75%	\$676,307 *
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	1.14%	\$886,101		0.98%	\$886,101 *
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.06%	\$663			
US Treasury Bill		1.90%	\$797,639		0.88%	\$800,667 *
US Bank - Madrone Bus Park Taxable	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.12%	\$357			
US Treasury Bill		1.90%	\$153,774		0.17%	\$154,587 *
BNY - MH Ranch 2004 A	MH Ranch Bus Park					
Blackrock Provident Temp Fund	Agency Fund	1.37%	\$400,727	\$10,601,381	0.44%	\$400,727 *
Other Accounts/Deposits						
General Checking	All Funds		\$2,453,829		2.71%	\$2,453,829
Dreyfuss Treas Cash Management Account	All Funds				0.00%	\$0
Athens Administators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds	-	\$6,150	\$2,499,979	0.01%	\$6,150
Total Cash and Investments			<u>\$90,389,360</u>	<u>\$90,389,360</u>	<u>100.00%</u>	\$90,232,084
MH Financing Authority Investment in		1.75% to				
MH Ranch AD Imprvmt Bond Series 2004	ı	4.50%	<u>\$4,795,000</u>			<u>Unavailable</u>

CASH ACT	IVITY	SUMMARY
	V 0411	15

Fund Type	07/01/04 Balance	Change in Cash Balance	11/30/04 Balance	Restricted	Unrestricted
••					
General Fund	\$11,307,873	(\$2,270,974)	\$9,036,899	\$6,150	\$9,030,749
Community Development	\$1,564,866	\$618,708	\$2,183,574	\$0	\$2,183,574
RDA (except Housing)	\$6,191,592	(\$3,023,431)	\$3,168,161	\$0	\$3,168,161
Housing / CDBG	\$7,244,293	(\$1,531,046)	\$5,713,247	\$0	\$5,713,247
Water - Operations	\$3,236,757	\$918,082	\$4,154,839	\$389,316	\$3,765,523
Water Other	\$3,450,125	\$6,842,652	\$10,292,777	\$6,139,445	\$4,153,332
Sewer - Operations	\$5,088,334	(\$921,467)	\$4,166,867	\$1,894,003	\$2,272,864
Sewer Other	\$13,072,660	(\$478,840)	\$12,593,820	\$6,249,317	\$6,344,503
Other Special Revenue	\$3,503,684	\$112,728	\$3,616,412	\$0	\$3,616,412
Streets and Capital Projects (except RDA)	\$23,802,360	\$1,670,372	\$25,472,732	\$14,482,829	\$10,989,903
Assessment Districts	\$397,995	(\$150,456)	\$247,539	\$198,200	\$49,339
Internal Service	\$6,337,439	(\$386,737)	\$5,950,702	\$40,000	\$5,910,702
Agency Funds	\$4,902,523	(\$1,110,732)	\$3,791,791	\$2,260,786	<u>\$1,531,005</u>
Total	\$90,100,50 <u>1</u>	\$288,85 <u>9</u>	\$90,389,360	\$31,660,046	\$58,729,314

Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

* Market value as of 10/31/04

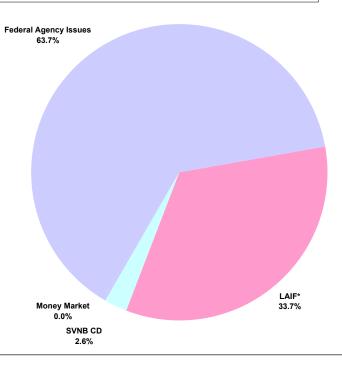
** Market value as of 09/30/04 factor

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by:		Approved by:			
	Lourdes Reroma	т.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Jack Dilles		
	Accountant I		Director of Finance		
Verified by:					
	Tina Reza		Mike Roorda		
	Assistant Director of Finance		City Treasurer		

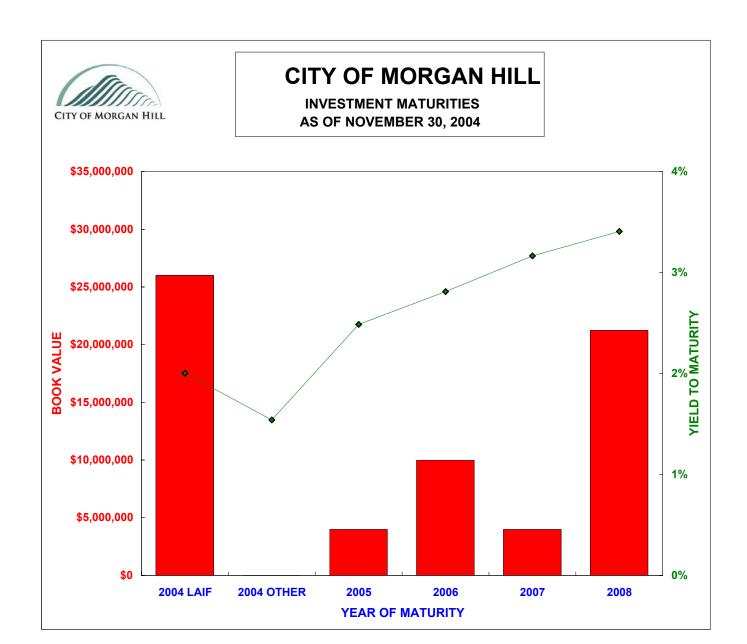


CITY OF MORGAN HILL INVESTMENT PORTFOLIO DETAIL as of 11/30/04



Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$26,007,773	33.65%	\$25,974,921	2.003%	\$207,538			0.003
SVNB CD	07/07/03	\$2,000,000	2.59%	\$2,000,000	2.500%	\$14,450		07/07/05	0.597
Federal Agency Issues									
Fed Home Loan Bank	05/21/04	\$2,000,000	2.59%	\$1,999,380	2.474%	\$20,594	12/21/04	11/21/05	0.973
Fed Home Loan Mgt Corp	10/12/04	\$2,000,000	2.59%	\$2,000,160	2.700%	\$7,418	01/12/05	04/12/06	1.362
Fed Home Loan Bank	02/26/04	\$2,000,000	2.59%	\$1,996,880	2.563%	\$21,398	02/26/05	05/26/06	1.482
Fed Home Loan Bank	11/29/04	\$2,000,000	2.59%	\$2,000,000	3.076%	\$340	02/28/05	08/28/06	1.740
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.59%	\$2,000,000	3.070%	\$170	08/30/05	08/30/06	1.745
Fed Home Loan Bank	03/29/04	\$2,000,000	2.59%	\$1,976,880	2.650%	\$22,186	12/29/2006	12/29/06	2.077
Fed Home Loan Bank	03/18/04	\$2,000,000	2.59%	\$1,996,260	3.030%	\$25,397	12/18/04	06/18/07	2.545
Fed Home Loan Bank	03/29/04	\$2,000,000	2.59%	\$1,978,760	3.300%	\$27,630	03/28/05	12/28/07	3.074
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.59%	\$2,006,360	3.500%	\$29,355	03/12/05	03/12/08	3.279
Fed Home Loan Bank	03/26/03	\$2,000,000	2.59%	\$1,999,380	3.375%	\$28,265	anytime	03/26/08	3.318
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.59%	\$2,009,040	3.600%	\$30,148	04/16/05	04/16/08	3.375
Fed Home Loan Mgt Corp	04/17/03	\$1,995,852	2.58%	\$2,006,560	3.625%	\$31,412		04/17/08	3.378
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.59%	\$1,991,880	3.210%	\$26,838	12/03/04	06/03/08	3.507
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.59%	\$1,975,000	2.950%	\$24,664	01/30/05	06/12/08	3.532
Fed Home Loan Bank	07/30/03	\$2,000,000	2.59%	\$1,977,500	3.000%	\$24,998	01/30/05	07/30/08	3.663
Fed Home Loan Bank	07/30/03	\$2,000,000	2.59%	\$1,991,880	3.243%	\$27,247	01/30/05	07/30/08	3.663
Fed Home Loan Bank	07/30/03	\$2,000,000	2.59%	\$1,998,120	3.400%	\$28,331	01/30/05	07/30/08	3.663
Fed Home Loan Bank	08/14/03	\$1,250,000	1.62%	\$1,250,788	3.690%	\$19,238	02/14/05	08/14/08	3.704
Fed Home Loan Bank	10/15/03	\$2,000,000	2.59%	\$2,000,000	4.000%	\$16,750	anytime	10/15/08	3.874
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.59%	\$1,969,380	3.650%	\$30,600	anytime	03/16/09	4.290
Fed Home Loan Bank	03/26/04	\$2,000,000	2.59%	\$2,002,500	4.000%	\$33,499	12/26/04	03/26/09	4.318
Fed Home Loan Bank	04/06/04	\$2,000,000	2.59%	\$1,996,260	3.625%	\$30,368	anytime	04/06/09	4.348
Fed Home Loan Bank	04/07/04	\$2,000,000	2.59%	\$1,996,260	3.600%	\$30,158	01/07/05	04/07/09	4.351
Fed National Mortgage	04/16/04	\$2,000,000	2.59%	\$1,996,880	3.750%	\$31,404	01/16/05	04/16/09	4.375
Fed Home Loan Bank	04/29/04	\$2,000,000	2.59%	\$2,002,500	3.750%	\$31,390	01/29/05	04/29/09	4.411
Redeemed in FY 04/05						\$42,559			
Sub Total/Average		\$49,245,852	63.72%	\$49,118,608	3.204%	\$642,357			3.195
Money Market		\$34,375	0.04%	\$34,375	1.540%	\$4,895			0.003
TOTAL/AVERAGE		\$77,288,000	100.00%	\$77,127,904	2.847%	\$869,240			2.052

^{*}Per State Treasurer Report dated 10/31/2004, LAIF had invested approximately 14% of its balance in Treasury Bills and Notes, 20% in CDs, 20% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 46% in others.



YEAR OF	BOOK	MARKET	AVERAGE	% OF
MATURITY	VALUE	VALUE	RATE	TOTAL
2004 LAIF	\$26,007,773	\$25,974,921	2.003%	33.65%
2004 OTHER	\$34,375	\$34,375	1.540%	0.04%
2005	\$4,000,000	\$3,999,380	2.487%	5.18%
2006	\$10,000,000	\$9,973,920	2.812%	12.94%
2007	\$4,000,000	\$3,975,020	3.165%	5.18%
2008	\$21,245,852	\$21,206,508	3.408%	27.49%
2009	\$12,000,000	\$11,963,780	3.729%	15.53%
TOTAL	\$77,288,000	\$77,127,904	2.847%	100.00%



FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANGE
010 GENERAL FUND							
<u>raxes</u>							
Property Taxes - Secured/Unsecured/Prio	2,803,396	2,803,396	588,967	21%	560,079	28,888	5%
Supplemental Roll	157,500	157,500	27,535	17%	30,060	(2,525)	-8%
Sales Tax	4,600,000	4,600,000	1,749,869	38%	1,759,794	(9,925)	-1%
Public Safety Sales Tax	252,000	252,000	82,134	33%	88,107	(5,973)	-7%
Transient Occupancy Taxes	945,000	945,000	285,118	30%	270,117	15,001	6%
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	144,624	15%	135,209	9,415	7%
Property Transfer Tax	367,500	367,500	165,759	45%	<u>155,570</u>	10,189	<u>7%</u>
TOTAL TAXES	10,090,396	10,090,396	3,044,006	30%	2,998,936	45,070	2%
LICENSES/PERMITS							
Business License	155,000	155,000	214,234	138%	137,229	77,005	56%
Other Permits	46,720	46,720	1,411	<u>3%</u>	17,310	(15,899)	<u>-92%</u>
TOTAL LICENSES/PERMITS	201,720	201,720	215,645	107%	154,539	61,106	40%
FINES AND PENALTIES							
Parking Enforcement	12,000	12,000	3,022	25%	5,713	(2,691)	-47%
City Code Enforcement	35,000	35,000	15,948	46%	12,348	3,600	29%
Business tax late fee/other fines	1,200	1,200	1,145	<u>95%</u>	486	659	<u>136%</u>
TOTAL FINES AND PENALTIES	48,200	48,200	20,115	42%	18,547	1,568	8%
OTHER AGENCIES							
Motor Vehicle in-Lieu	1,423,800	1,423,800	133,357	9%	424,880	(291,523)	-69%
Other Revenue - Other Agencies	304,400	304,400	25,963	<u>9%</u>	42,871	(16,908)	<u>-39%</u>
TOTAL OTHER AGENCIES	1,728,200	1,728,200	159,320	9%	467,751	(308,431)	-66%
CHARGES CURRENT SERVICES							
False Alarm Charge	20,000	20,000	-	n/a	7,773	(7,773)	-100%
Business License Application Review	22,000	22,000	9,704	44%	11,934	(2,230)	-19%
Recreation Classes	326,750	326,750	108,620	33%	69,119	39,501	57%
Aquatics Revenue	1,181,625	1,181,625	670,459				
General Administration Overhead	1,793,851	1,793,851	747,438	42%	836,658	(89,220)	-11%
Other Charges Current Services	190,850	190,850	88,321	<u>46%</u>	102,634	(14,313)	<u>-14%</u>
TOTAL CURRENT SERVICES	3,535,076	3,535,076	1,624,542	46%	1,028,118	(74,035)	-7%
OTHER REVENUE							
Use of money/property	819,261	819,261	311,353	38%	267,867	43,486	16%
Other revenues	14,000	14,000	38,382	<u>274%</u>	12,558	25,824	<u>206%</u>
TOTAL OTHER REVENUE	833,261	833,261	349,735	42%	280,425	69,310	25%
TRANSFERS IN							
Park Maintenance	125,000	125,000	31,250	25%	50,000	(18,750)	-38%
Sewer Enterprise	20,000	20,000	8,333	42%	7,292	1,041	14%
Water Enterprise	20,000	20,000	8,333	42%	7,292	1,041	14%
Public Safety	175,000	175,000	72,917	42%	113,750	(40,833)	-36%
Environmental Programs	48,100	48,100	20,042	42%		20,042	n/a
HCD Block Grant	15,000	15,000	6,250	42%	120.000	6,250	n/a
Other Funds FOTAL TRANSFERS IN	403,100	403,100	49,024 196,149	<u>n/a</u> 49%	130,000 308,334	(80,976) (112,185)	<u>-62%</u> -36%
TOTAL GENERAL FUND	16,839,953	16,839,953	5,609,512	33%	5,256,650	352,862	7%



FUND	ADODTED	AMENDED	CURRENT	0/	PRIOR	INCR (DECR)	0/
REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	% OF BUDGET	PRIOR YTD	FROM PRIOR YTD	% CHANGE
	BUDGET	BODGET	ACTUAL	OF BUDGET	טוז	TID	CHANGE
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	674,000	674,000	291,664	43%	238,415	53,249	22%
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21	-	-	-	n/a	-	-	n/a
Transfers In	700,000	800,000	275,000	34%	275,000	-	n/a
Project Reimbursement		-	197,035	n/a	106,236	90,799	85%
Interest / Other Revenue/Other Charges	29,635	29,635	34,083	<u>115%</u>	12,721	21,362	<u>168%</u>
202 STREET MAINTENANCE	1,403,635	1,503,635	797,782	53%	632,372	165,410	26%
204/205 PUBLIC SAFETY TRUST							
Interest Income	6,103	6,103	1,608	26%	1,993	(385)	-19%
Police Grant/SLEF	100,000	100,000	100,000	100%	100,000	-	n/a
PD Block Grant	-	-	-	n/a	-	_	n/a
CA Law Enforcement Equip.Grant	_	_	_	n/a	_	_	n/a
Federal Police Grant (COPS)	_	_	_	n/a	_	_	n/a
Transfers In	_	_	_	n/a	_	_	n/a
204/205 PUBLIC SAFETY TRUST	106,103	106,103	101,608	96%	101,993	(385)	0%
206 COMMUNITY DEVELOPMENT							
Building Fees	1,403,000	1,403,000	804,679	57%	915,252	(110,573)	-12%
_		791,621	*	53%	*		104%
Planning Fees	791,621 516,500	516,500	416,738 659,452	128%	204,004 119,018	212,734 540,434	454%
Engineering Fees Other Revenue/Current Charges		26,188	9,612	37%	8,078	1,534	19%
Transfers	26,188	20,100	9,612				
206 COMMUNITY DEVELOPMENT	2,737,309	2,737,309	1,890,481	<u>n/a</u> 69%	12,500 1,258,852	(12,500) 631,629	<u>-100%</u> 50%
	_,,.	_,, ,	.,,		-,,	,	
207 GENERAL PLAN UPDATE	80,154	80,154	65,033	81%	42,303	22,730	54%
215 and 216 HCD BLOCK GRANT							
HCD allocation	166,440	166,440	-	n/a	-	-	n/a
Interest Income/Other Revenue	9,648	9,648	17,741	184%	5,705	12,036	211%
<u>Transfers</u>				<u>n/a</u>			<u>n/a</u>
215 and 216 HCD BLOCK GRANT	176,088	176,088	17,741	10%	5,705	12,036	211%
210 COMMUNITY CENTER	52,119	52,119	21,369	41%	1,446	19,923	1378%
220 MUSEUM RENTAL	-	-	-	n/a	5	(5)	-100%
225 ASSET SEIZURE	1,020	1,020	10,203	1000%	163	10,040	6160%
229 LIGHTING AND LANDSCAPE	130,766	130,766	269	0%	132	137	104%
32 ENVIRONMENTAL PROGRAMS	399,491	399,491	117,185	29%	93,347	23,838	26%
234 MOBILE HOME PARK RENT STAB.	5,148	5,148	6,108	119%	5,173	935	18%
235 SENIOR HOUSING	5,501	5,501	1,318	24%	1,093	225	21%
236 HOUSING MITIGATION	12,031	12,031	88,449	735%	4,466	83,983	1880%
240 EMPLOYEE ASSISTANCE	29,059	29,059	15,576	54%	13,049	2,527	19%
247 ENVIRONMENT REMEDIATION	,	,	2,965	n/a	-	2,965	n/a
TOTAL SPECIAL REVENUE FUNDS	5,138,424	5,238,424	3,136,087	60%	2,160,099	975,988	45%



PTED GET 578,596 254,863 243,292 146,377 	578,596 254,863 243,292 146,377 - 165,125 651,916 39,568 138,417 17,280,277	325,444 229,900 306,687 93,580 - 211,237 352,971 42,911 54,063	% OF BUDGET 56% 90% 126% 64% n/a 128% 54% 108% 39%	384,406 55,269 89,753 60,064 17 63,726 841,066 37,398 110,684	(58,962) 174,631 216,934 33,516 (17) 147,511 (488,095) 5,513 (56,621)	% CHANGI -15% 316% 242% -56% -100% 231% -58% 15% -51%
678,596 254,863 243,292 146,377 	578,596 254,863 243,292 146,377 - 165,125 651,916 39,568 138,417	325,444 229,900 306,687 93,580 - 211,237 352,971 42,911 54,063	56% 90% 126% 64% n/a 128% 54% 108% 39%	384,406 55,269 89,753 60,064 17 63,726 841,066 37,398 110,684	(58,962) 174,631 216,934 33,516 (17) 147,511 (488,095) 5,513 (56,621)	-15% 316% 242% 56% -100% 231% -58% 15%
254,863 243,292 146,377 	254,863 243,292 146,377 	229,900 306,687 93,580 - 211,237 352,971 42,911 54,063	90% 126% 64% n/a 128% 54% 108% 39%	55,269 89,753 60,064 17 63,726 841,066 37,398 110,684	174,631 216,934 33,516 (17) 147,511 (488,095) 5,513 (56,621)	316% 242% 56% -100% 231% -58% 15%
254,863 243,292 146,377 	254,863 243,292 146,377 	229,900 306,687 93,580 - 211,237 352,971 42,911 54,063	90% 126% 64% n/a 128% 54% 108% 39%	55,269 89,753 60,064 17 63,726 841,066 37,398 110,684	174,631 216,934 33,516 (17) 147,511 (488,095) 5,513 (56,621)	316% 242% 56% -100% 231% -58% 15%
243,292 146,377 - 165,125 651,916 39,568 138,417	243,292 146,377 	306,687 93,580 - 211,237 352,971 42,911 54,063	126% 64% n/a 128% 54% 108% 39%	89,753 60,064 17 63,726 841,066 37,398 110,684	216,934 33,516 (17) 147,511 (488,095) 5,513 (56,621)	242% 56% -100% 231% -58% 15%
146,377 	146,377 	93,580 - 211,237 352,971 42,911 54,063	64% n/a 128% 54% 108% 39%	60,064 17 63,726 841,066 37,398 110,684	33,516 (17) 147,511 (488,095) 5,513 (56,621)	56% -100% 231% -58% 15%
165,125 551,916 39,568 138,417	165,125 651,916 39,568 138,417	211,237 352,971 42,911 54,063	n/a 128% 54% 108% 39%	17 63,726 841,066 37,398 110,684	(17) 147,511 (488,095) 5,513 (56,621)	-100% 231% -58% 15%
39,568 138,417 280,277	651,916 39,568 138,417	352,971 42,911 54,063	128% 54% 108% 39%	63,726 841,066 37,398 110,684	147,511 (488,095) 5,513 (56,621)	231% -58% 15%
39,568 138,417 280,277	651,916 39,568 138,417	352,971 42,911 54,063	54% 108% 39%	841,066 37,398 110,684	(488,095) 5,513 (56,621)	-58% 15%
39,568 138,417 280,277	39,568 138,417 17,280,277	42,911 54,063 1,641,268	108% 39%	37,398 110,684	5,513 (56,621)	15%
280,277	138,417 17,280,277	54,063 1,641,268	39% 9%	110,684	(56,621)	
280,277	17,280,277	1,641,268	9%	,	, , ,	-51%
,	, ,	-		1,394,397		
,	, ,	-		1,394,397		
17,031	17,031	-	2/2		246,871	18%
17,031 <u>-</u>	17,031				-	n/a
<u>-</u>		49,406	290%	93,787	(44,381)	-47%
	<u>-</u>	114,042	<u>n/a</u>	20,719	93,323	<u>450%</u>
297,308	17,297,308	1,804,716	10%	1,508,903	295,813	20%
737,350	4,737,350	468,169	10%	388,932	79,237	20%
112,277	112,277	57,991	52%	51,852	6,139	12%
100	100	600	<u>600%</u>	<u>785</u>	(185)	<u>-24%</u>
349,727	4,849,727	526,760	11%	441,569	85,191	19%
629,137	629,137	7,409,570	1178%	29,760	7,379,810	24798%
74,737	74,737	40,709	54%	52,144	(11,435)	-22%
526,000	526,000	19,462	4%	32,772	(13,310)	-41%
242,742	242,742	127,975	53%	5,376	122,599	2280%
1,069	1,069	256	24%	206	50	24%
1,201	1,201	288	24%	232	56	24%
44,399	44,399	27,195	61%	307	26,888	8758%
384,474	25,884,474	11,573,724	45%	3,713,652	7,860,072	212%
	12,277 100 49,727 329,137 74,737 526,000 242,742 1,069 1,201 44,399	12,277 112,277 100 100 449,727 4,849,727 329,137 629,137 74,737 74,737 326,000 526,000 322,742 242,742 1,069 1,069 1,201 44,399 44,399 44,399	12,277 112,277 57,991 100 100 600 449,727 4,849,727 526,760 529,137 629,137 7,409,570 74,737 74,737 40,709 526,000 526,000 19,462 242,742 242,742 127,975 1,069 1,069 256 1,201 1,201 288 44,399 44,399 27,195	12,277 112,277 57,991 52% 100 100 600 600% 449,727 4,849,727 526,760 11% 529,137 7,409,570 1178% 74,737 74,737 40,709 54% 526,000 526,000 19,462 4% 42,742 242,742 127,975 53% 1,069 1,069 256 24% 1,201 1,201 288 24% 44,399 44,399 27,195 61%	12,277 112,277 57,991 52% 51,852 100 100 600 600% 785 449,727 4,849,727 526,760 11% 441,569 329,137 629,137 7,409,570 1178% 29,760 74,737 74,737 40,709 54% 52,144 326,000 526,000 19,462 4% 32,772 324,742 242,742 127,975 53% 5,376 1,069 1,069 256 24% 206 1,201 1,201 288 24% 232 44,399 27,195 61% 307	12,277 112,277 57,991 52% 51,852 6,139 100 100 600 600% 785 (185) 449,727 4,849,727 526,760 11% 441,569 85,191 529,137 629,137 7,409,570 1178% 29,760 7,379,810 74,737 74,737 40,709 54% 52,144 (11,435) 526,000 526,000 19,462 4% 32,772 (13,310) 42,742 242,742 127,975 53% 5,376 122,599 1,069 1,069 256 24% 206 50 1,201 1,201 288 24% 232 56 44,399 44,399 27,195 61% 307 26,888



FUND REVENUE	ADOPTED	AMENDED	YTD	% OF BUDGET	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANG
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,459,000	5,459,000	2,310,339	42%	2,249,112	61,227	3%
Interest Income	59,437	59,437	13,806	23%	16,707	(2,901)	-17%
Other Revenue/Current Charges	110,500	110,500	39,375	<u>36%</u>	74,596	(35,221)	<u>-47%</u>
640 SEWER OPERATION	5,628,937	5,628,937	2,363,520	42%	2,340,415	23,105	1%
641 SEWER EXPANSION							
Interest Income	94,826	94,826	32,587	34%	21,876	10,711	49%
Connection Fees	1,100,000	1,100,000	619,771	56%	1,139,874	(520,103)	-46%
Other	-	-	330	n/a	330		n/a
641 SEWER EXPANSION	1,194,826	1,194,826	652,688	55%	1,162,080	(509,392)	-44%
642 SEWER RATE STABILIZATION	84,161	84,161	20,643	25%	16,266	4,377	27%
643 SEWER-CAPITAL PROJECT	- 36,527	36,527	14,199	39%	137,687	(123,488)	-90%
TOTAL SEWER FUNDS	6,944,451	6,944,451	3,051,050	44%	3.656.448	(605,398)	-17%
	5,011,101		0,001,000	,	3,000,110	(000,000)	,,
650 WATER OPERATION							
Water Sales	5,821,375	5,821,375	3,611,817	62%	3,690,279	(78,462)	-2%
Meter Install & Service	40,000	40,000	62,986	157%	22,349	40,637	182%
Transfers-In, and Interest Income	2,516,848	2,516,848	18,447	1%	452,040	(433,593)	-96%
Other Revenue/Current Charges	279,688	279,688	383,242	137%	143,911	239,331	166%
50 WATER OPERATION	8,657,911	8,657,911	4,076,492	47%	4,308,579	(232,087)	-5%
551 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	5,000,000	5,000,000	5,417,806	108%	560,898	4,856,908	866%
Water Connection Fees	200,000	200,000	133,347	<u>67%</u>	186,799	(53,452)	<u>-29%</u>
51 WATER EXPANSION	5,200,000	5,200,000	5,551,153	107%	747,697	4,803,456	642%
52 Water Rate Stabilization	445	445	137	31%	3,455	(3,318)	-96%
553 Water Capital Project	1,016,646	1,016,646	2,339,422	230%	481,073	1,858,349	386%
TOTAL WATER FUNDS	14,875,002	14,875,002	11,967,204	80%	5,540,804	6,426,400	116%
OTAL ENTERPRISE FUNDS	21,819,453	21,819,453	15,018,254	69%	9,197,252	5,821,002	63%
NTERNAL SERVICE FUNDS	_ 1,0 12, 120	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,		-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	2,021,002	33,0
							
30 INFORMATION SERVICES	279,995	279,995	96,238	34%	102,192	(5,954)	-6%
40 BUILDING MAINTENANCE SERVICES	1,652,610	1,652,610	688,588	42%	372,720	315,868	85%
45 CIP ADMINISTRATION	1,395,765	1,395,765	471,361	34%	518,135	(46,774)	-9%
60 UNEMPLOYMENT INSURANCE	60,484	60,484	-	n/a	7,363	(7,363)	-100%
70 WORKERS COMPENSATION	875,300	875,300	412,416	47%	199,160	213,256	107%
90 EQUIPMENT REPLACEMENT	373,009	373,009	142,383	38%	97,045	45,338	47%
93 CORPORATION YARD COMMISSION	136,715	136,715	19,216	14%	38,671	(19,455)	-50%
95 GENERAL LIABILITY INSURANCE	453,709	453,709	182,522	40%	159,328	23,194	15%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	1,358	n/a	6,036	(4,678)	-78%
842 M.H. BUS.RANCH A.D. II	-	-	180	n/a	421	(241)	-57%
843 M.H. BUS.RANCH 1998	905,353	905,353	4,650	1%	2,735	1,915	70%
844 M.H. RANCH REFUNDING 2004A	619,142	619,142	302,461	49%		302,461	n/a
845 MADRONE BP-TAX EXEMPT	826,553	826,553	4,410	1%	2,347	2,063	88%
846 MADRONE BP-TAXABLE	179,459	179,459	790	0%	456	334	73%
848 TENNANT AVE.BUS.PK A.D.	37,993	37,993	2,243	6%	61,365	(59,122)	-96%
881 POLICE DONATION TRUST FUND	465	465	111	24%	95	16	17%
TOTAL AGENCY FUNDS	2,568,965	2,568,965	316,203	12%	73,455	242,748	330%
TOTAL FOR ALL FUNDS	77,801,522	77,901,522	37,692,344	48%	21,897,754	15,434,118	70%



		THIS						
FUND		MONTH						PERCENT OF
NO.	FUND/ACTIVITY	ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	TOTAL TO
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET

	LXI LITOLO	DODOLI	DODGE	EXI ENOLO L	INCOMBINATIOE	ALLOGATED	DODGET
010 GENERAL FUND							
I. GENERAL GOVERNMENT							
COUNCIL AND MISCELLANEOUS GOV	г.						
City Council	11,863	174,319	179,647	69,111	1,783	70,894	39%
Community Promotions	1,065	28,114	28,114	7,197	-	7,197	26%
COUNCIL AND MISCELLANEOUS GO	12,928	202,433	207,761	76,308	1,783	78,091	38%
CITY ATTORNEY	123,598	566,191	600,022	422,048	171,599	593,647	<u>99%</u>
CITY MANAGER							
City Manager	25,852	318,659	318,659	132,690		132,690	42%
Cable Television	4,287	44,961	44,961	18,585	17,261	35,846	80%
Communications & Marketing	6,073	71,045	71,045	24,567	, <u> </u>	24,567	<u>35%</u>
CITY MANAGER	36,212	434,665	434,665	175,842	17,261	193,103	44%
RECREATION							
Recreation	15,708	285,551	285,551	107,377	75,000	182,377	64%
Community & Cultural Center	98,019	1,287,874	1,346,160	452,986	174,280	627,266	47%
Aquatics Center	79,345	1,179,260	1,179,260	808,971	5,601	814,572	69%
RECREATION	193,072	2,752,685	2,810,971	1,369,334	254,881	1,624,215	58%
HUMAN RESOURCES							
Human Resources	42,049	485,417	485,417	194,493	_	194,493	40%
Volunteer Programs	4,749	55,912	55,912	21,213		21,213	38%
HUMAN RESOURCES			·	215.706			
HUMAN RESOURCES	46,798	541,329	541,329	215,706		215,706	40%
CITY CLERK							
City Clerk	36,917	252,920	277,261	114,897	-	114,897	41%
Elections _	3,145	100,296	100,296	18,326	<u> </u>	18,326	<u>18%</u>
CITY CLERK	40,062	353,216	377,557	133,223	-	133,223	35%
FINANCE	71,470	927,325	927,325	375,375	350	375,725	41%
MEDICAL SERVICES	-		5,000		5,000	5,000	n/a
TOTAL GENERAL GOVERNMENT	524,140	5,777,844	5,904,630	2,767,836	450,874	3,218,710	55%
II. PUBLIC SAFETY							
POLICE							
PD Administration	43,314	614,784	614,784	237,428	_	237,428	39%
Patrol	311,764	4,106,920	4,121,520	1,623,439	5,026	1,628,465	40%
Support Services	72,517	949,449	949,449	370,880	1,994	372,874	39%
Emergency Services/Haz Mat	61	46,252	50,264	5,568	4,013	9,581	19%
Special Operations	97,140	1,195,840	1,203,958	570,003	10,460	580,463	48%
Animal Control	8,157	86,078	86,078	37,700	10,100	37,700	44%
Dispatch Services	67,592	988,927	989,577	355,020	650	355,670	<u>36%</u>
POLICE	600,545	7,988,250	8,015,630	3,200,038	22,143	3,222,181	40%
FIRE	349,531	4,194,617	4,194,617	1,747,768	-	1,747,768	42%
TOTAL BUBLIC CAFETY					00.446		
TOTAL PUBLIC SAFETY	950,076	12,182,867	12,210,247	4,947,806	22,143	4,969,949	41%
III. COMMUNITY IMPROVEMENT							
PARK MAINTENANCE	47,643	705,572	706,957	303,221	7,276	310,497	44%
	,						
TOTAL COMMUNITY IMPROVEMENT	47,643	705,572	706,957	303,221	7,276	310,497	44%



IV. TRA			BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET
	ANSFERS							
	Public Safety							n/a
	Community Center	4,167	50,000	50,000	20,833	-	_	II/a
	Info Systems	-	49,025	49,025	-	-	-	n/a
	Employee Assistance	-			-	-	-	<u>n/a</u>
TC	OTAL TRANSFERS	4,167	99,025	99,025	20,833	-	-	n/a
TOTAL (GENERAL FUND	1,526,026	18,765,308	18,920,859	8,039,696	480,293	8,499,156	45%
SPECIA	L REVENUE FUNDS							
202 STR	REET MAINTENANCE Street Maintenance/Traffic	175 049	1 502 044	1 624 646	ene 200	107.075	721 261	AE0/
	Congestion Management	175,913 14,692	1,593,914 80,329	1,634,616 80,329	606,386 29,131	127,975	734,361 29,131	45% 36%
	Street CIP	37,509	44,993	506,528	91,839	140,329	232,168	46%
202 STR	REET MAINTENANCE	228,114	1,719,236	2,221,473	727,356	268,304	995,660	45%
204/205	PUBLIC SAFETY/SUPP.LAW	14,627	175,520	175,520	73,133		73,133	42%
206 CO	MMUNITY DEVELOPMENT FUND							
	Planning	136,774	1,086,783	1,236,714	481,065	147,503	628,568	51%
	Building	67,503	1,038,955	1,055,719	364,692	97,612	462,304	44%
	PW-Engineering	79,361	1,096,107	1,121,273	395,409	82,236	477,645	<u>43%</u>
206 COI	MMUNITY DEVELOPMENT FUND	283,638	3,221,845	3,413,706	1,241,166	327,351	1,568,517	46%
207	GENERAL PLAN UPDATE	7,668	60,498	147,742	19,852	207,529	227,381	154%
210	COMMUNITY CENTER		-	-	-	50 400	-	n/a
215/216		3,780	288,007	657,039	34,258	56,482	90,740	14%
220 225	MUSEUM RENTAL ASSET SEIZURE	19,995	-	-	19,996	16,925	- 36,921	n/a n/a
229	LIGHTING AND LANDSCAPE	12,442	14,038	140,038	64,809	43,590	108,399	77%
232	ENVIRONMENT PROGRAMS	11,902	417,937	535,570	191,588	102,378	293,966	55%
234	MOBILE HOME PARK	527	5,202	200,545	6,574	189,412	195,986	98%
235	SENIOR HOUSING TRUST FUN	-	20,180	20,180	-	5,880	5,880	29%
236	HOUSING MITIGATION FUND	-	1,015,000	1,015,000	-	,	, -	n/a
240	EMPLOYEE ASSISTANCE	5,900	25,000	25,000	21,121	-	21,121	84%
TOTAL S	SPECIAL REVENUE FUNDS	588,593	6,962,463	8,551,813	2,399,853	1,217,851	3,617,704	42%
CAPITAI	L PROJECT FUNDS							
301	PARK DEVELOPMENT	17,457	2,062,944	2,126,271	51,716	74,583	126,299	6%
302	PARK MAINTENANCE		150,000	150,000	31,250		31,250	21%
303	LOCAL DRAINAGE	128	2,001,536	2,001,536	640		640	0%
304	LOCAL DRAIN. NON-AB1600	1,907	841,669	854,739	14,264	7,741	22,005	3%
305 206	OFF STREET PARKING	-	-	-	492		-	n/a
306 309	OPEN SPACE TRAFFIC MITIGATION	- 19,385	1,050,000	2,007,433	492 134,556	672,665	492 807,221	40%
309 311	POLICE MITIGATION	495	88,937	2,007,433 98,444	2,474	10,000	12,474	40% 13%
313	FIRE MITIGATION	495 115	101,380	132,676	2,474 575	9,101	9,676	7%
317	RDA BUSINESS ASSISTANCE	466,144	13,453,262	20,295,344	3,162,850	2,673,147	5,835,997	29%
327/328		1,506,963	5,824,189	6,589,093	1,916,490	96,899	2,013,389	31%
346	PUBLIC FAC.NON AB1600	40,200	553,000	7,506,199	6,904,422	489,253	7,393,675	99%
347	PUBLIC FACILITIES	114	1,365	11,115	569	9,750	10,319	93%
348	LIBRARY IMPACT	17	1,000,202	1,000,202	84		84	0%
	UNDERGROUNDING	33	375,390	441,037	163	36,397	36,560	8%
350	00MM/DEC 075 W/ 07	-	E0 000	FO 000				!
350 360	COMM/REC CTR IMPACT	-	50,000	50,000	-		-	n/a



			TZ/0 OI I Cai	Completed				
		THIS						
FUND		MONTH						PERCENT O
NO.	FUND/ACTIVITY	ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	TOTAL TO
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET
DEDT C	ERVICE FUNDS							
DEDI 3	ERVICE FUNDS							
539	MORGAN HILL BUS. PARK A.D	-	-	-	-	-	-	n/a
542	SUTTER BUS. PARK A.D.	-	-	-	-	-	-	n/a
545	COCHRANE BUS. PARK A.D.	655	194,200	194,200	147,782	-	147,782	76%
551	JOLEEN WAY A.D.	655	39,561	39,561	29,579	-	29,579	75%
TOTAL I	DEBT SERVICE FUNDS	1,310	233,761	233,761	177,361	-	177,361	76%
ENTERF	PRISE FUNDS							
SEWER								
640	SEWER OPERATION	154,717	6,450,819	6,529,282	3,171,140	153,465	3,324,605	51%
641	CAPITAL EXPANSION	943	3,556,745	3,946,185	176,111	74,156	250,267	6%
642	SEWER RATE STABILIZATION	176	2,117	2,117	882		882	42%
643	SEWER-CAPITAL PROJECTS	14,387	472,539	1,229,515	413,623	366,513	780,136	<u>63%</u>
(OTAL	SEWER FUND(S)	170,223	10,482,220	11,707,099	3,761,756	594,134	4,355,890	37%
WATER								
	Water Operations Division	631,259	6,541,316	6.812.203	2,517,501	421.054	2,938,555	43%
	Meter Reading/Repair	34,044	719,352	743,447	178,117	24,000	202,117	27%
	Utility Billing	28,391	392,283	392,283	158,691	12,772	171,463	44%
	Water Conservation	3,451	59,466	64,711	21,386	633	22,019	34%
50	WATER OPERATIONS	697,145	7,712,417	8,012,644	2,875,695	458,459	3,334,154	42%
51	CAPITAL EXPANSION	15,533	2,845,226	4,234,398	471,784	191,607	663,391	16%
552	WATER RATE STABILIZATION	41	493	493	205	101,001	205	42%
553	WATER-CAPITAL PROJECTS	34,359	1,115,923	3,170,822	273,670	226,381	500,051	16%
	WATER FUND(S)	747,078	11,674,059	15,418,357	3,621,354	876,447	4,497,801	29%
TOTAL I	ENTERPRISE FUNDS	917,301	22,156,279	27,125,456	7,383,110	1,470,581	8,853,691	33%
NTERN	AL SERVICE FUNDS							
730	INFORMATION SERVICES	24,343	430,970	450,489	203,954	233,541	437,495	97%
740	BUILDING MAINTENANCE	125,974	1,343,445	1,343,445	558,827	27,784	586,611	44%
745	CIP ENGINEERING	100,200	1,395,765	1,431,786	471,361	67,397	538,758	38%
60	UNEMPLOYMENT	12,694	55,000	55,000	25,827	0.,00.	25,827	47%
70	WORKERS COMPENSATION	21,341	767,200	789,775	306,645	19,250	325,895	41%
90	EQUIPMENT REPLACEMENT	131	187,240	187,240	655	10,200	655	0%
793	CORP YARD COMMISSION	27,720	130,200	173,212	60,976	24,973	85,949	50%
95	GEN. LIABILITY INSURANCE	21,120	427,700	427,700	310,463	-	310,463	73%
ΓΩΤΔΙ Ι	INTERNAL SERVICE FUNDS	312,403	4,737,520	4,858,647	1,938,708	372,945	2,311,653	48%
, 0 , , , ,	MITERIAL SERVISE FORES	012,400	4,707,020	4,000,041	1,000,100	0.2,040	2,011,000	4070
AGENC	Y FUNDS							
341	MORGAN HILL BUS RANCH I	-	_	-	299,893	-	299,893	n/a
342	MORGAN HILL BUS RANCH II	-	-	-	31	-	31	n/a
343	MORGAN HILL BUS RANCH 98	655	893,395	893,395	652,521	37,945	690,466	77%
344	MH RANCH RSMNT 2004A	655	598,873	598,873	91,198	-	91,198	15%
345	MADRONE BP-TAX EXEMPT	655	800,730	800,730	501,055	-	501,055	63%
346	MADRONE BP-TAXABLE	655	175,480	175,480	100,781	-	100,781	57%
348	TENNANT AVE BUS PARK AD	-	., 0, 400	., 0, 400	.00,701	-	.00,701	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
OTAL	AGENCY FUNDS	2,620	2,468,478	2,468,478	1,645,479	37,945	1,683,424	68%
REPOR	T TOTAL	5,401,211	82,877,683	105,423,103	33,804,752	7,659,151	41,443,070	39%



City of Morgan Hill Enterprise Funds Report - Fiscal Year 2004/05 For the Month of November 2004 42% of Year Completed

YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

		Sewer Oper	rations		Water Operations				
			% of	Prior			% of	Prior	
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD	
Operations									
Revenues									
Service Charges Meter Install & Service	\$ 5,459,000	\$ 2,310,339	42%	\$ 2,249,112	\$ 5,821,375 40,000	\$ 3,611,817 62,986	62% 157%	\$ 3,690,279 22,349	
Other	110,500	39,375	36%	74,596	279,688	383,242	137%	236,095	
Total Operating Revenues	5,569,500	2,349,714	42%	2,323,708	6,141,063	4,058,045	66%	3,948,723	
Expenses									
Operations Meter Reading/Repair Utility Billing/Water Conservation	4,682,409	1,814,983	39%	1,863,755	4,750,307 637,156 399,783	2,164,691 178,117 180,077	46% 28% 45%	2,374,515 170,402 153,344	
Total Operating Expenses	4,682,409	1,814,983	39%	1,863,755	5,787,246	2,522,885	44%	2,698,261	
Operating Income (Loss)	887,091	534,731		459,953	353,817	1,535,160		1,250,462	
Nonoperating revenue (expense)									
Interest Income Interest Expense/Debt Services Principal Expense/Debt Services	59,437 (573,410) (975,000)	13,806 (289,490) (975,000)	23% 50% 100%	(297,135)	, ,	18,447 (134,848) (42,962)	109% 55% 14%	11,261 (158,960) (31,260)	
Total Nonoperating revenue (expense)	(1,488,973)	(1,250,684)		(1,395,428)	(536,697)	(159,363)		(178,959)	
Income before operating xfers	(601,882)	(715,953)		(935,475)	(182,880)	1,375,797		1,071,503	
Operating transfers in Operating transfers (out)	(220,000)	- (91,667)	42%	- (262,762)	2,500,000 (420,000)	- (175,000)	42%	348,595 (294,757)	
Net Income (Loss)	\$ (821,882)	\$ (807,620)		\$ (1,198,237)	\$ 1,897,120	\$ 1,200,797		\$ 1,125,341	



City of Morgan Hill Balance Sheets - Water and Sewer Funds For the Month of November 2004 42% of Year Completed

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	2,272,864	6,344,502	3,765,523	4,153,332
Restricted ¹	1,894,003	6,249,317	389,317	6,281,439
Accounts Receivable		7,903		590
Utility Receivables	661,803		852,919	
Less Allowance for Doubtful Accounts	(16,091)		(19,501)	
Notes Receivable ² Fixed Assets ³	24 404 249	10,658	273,763	10 522 701
Fixeu Assets	31,101,348	11,110,295	24,500,753	10,533,791
Total Assets	35,913,927	23,722,675	29,762,774	20,969,152
LIABILITIES				
Accounts Payable and Accrued Liabilities Deposits for Water Services & Other Deposits Deferred Revenue 4	272,911	110,627	75,292 42,288	
Bonds Payable	24,275,000		5,830,437	
Discount on Bonds and Other Liabilities	(2,565,506)		(978,154)	273,763
Accrued Vacation and Comp Time	53,326		91,554	
Total liabilities	22,035,731	110,627	5,061,417	273,763
FUND EQUITY				
Contributed Capital Retained Earnings	7,735,831		14,356,292	
Reserved for:				
Noncurrent water/sewer assets & debt	9,338,528	11,110,295	19,830,679	10,533,791
Encumbrances	153,465	440,669	458,459	417,988
Notes Receivable	4 004 000	10,658	000 017	0.004.400
Restricted Cash	1,894,003		389,317	6,281,439
Total Reserved Retained Earnings	11,385,996	11,561,622	20,678,455	17,233,218
Unreserved Retained Earnings	2,492,200	12,050,426	4,022,902	3,462,171
Total Fund Equity	13,878,196	23,612,048	24,701,357	20,695,389
Total Liabilities and Fund Equity	35,913,927	23,722,675	29,762,774	20,969,152

Restricted for Bond Reserve requirements and capital expansion.
 Includes Note for Sewer Financing Agreements.
 Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



City of Morgan Hill Balance Sheets for Major Funds - Fiscal Year 2004/05 For the Month of November 2004 42% of Year Completed

General Fund RDA L/M Housing

	General Fund	RDA	L/M Housing (Fund 327/328)	Sewer	Water
ASSETS	(Fund 010)	(Fund 317)	(Fulia 327/326)	(Fund 640)	(Fund 650)
7.002.10					
Cash and investments:					
Unrestricted	9,030,848	3,168,162	5,600,865	2,272,864	3,765,523
Restricted ¹ Accounts Receivable	6,150 900,991	2,650	33,323	1,894,003	389,317
Utility Receivables (Sewer and Water)	900,991	2,030	33,323	661,803	852,919
Less Allowance for Doubtful Accounts				(16,091)	(19,501)
Loans and Notes Receivable ²	433,086	3,603,403	28,398,250		273,763
Prepaid Expense	16,188				
Fixed Assets ³		71,049		31,101,348	24,500,753
Total Assets	10,387,263	6,845,264	34,032,438	35,913,927	29,762,774
LIABILITIES					
Accounts Payable and Accrued Liabilities	1,214,989	713,465	19,949	272,911	75,292
Deposits for Water Services & Other Deposits	43,491		10,010	,	42,288
Deferred Revenue 4	660,770	3,625,719	28,530,124		
Bonds Payable				24,275,000	5,830,437
Discount on Bonds and Other Liabilities				(2,565,506)	(978,154)
Accrued Vacation and Comp Time				53,326	91,554
Total liabilities	1,919,250	4,339,184	28,550,073	22,035,731	5,061,417
FUND EQUITY					
Contributed Capital				7,735,831	14,356,292
Fund Balance / Retained Earnings					
Reserved for:					
Noncurrent water/sewer assets & debt				9,338,528	19,830,679
Encumbrances	480,293	2,673,147	96,899	153,465	458,459
Restricted Cash		74.040		1,894,003	389,317
RDA properties held for resale Loans and Notes Receivable		71,049			
Total Reserved Fund Equity	480,293	2,744,196	96,899	11,385,996	20,678,455
Designated Fund Equity ⁵	4,109,213				
Unreserved/Undesignated Fund Equity	3,878,507	(238,116)	5,385,466	2,492,200	4,022,902
Total Fund Equity	8,468,013	2,506,080	5,482,365	13,878,196	24,701,357
Total Liabilities and Fund Equity	10,387,263	6,845,264	34,032,438	35,913,927	29,762,774

¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

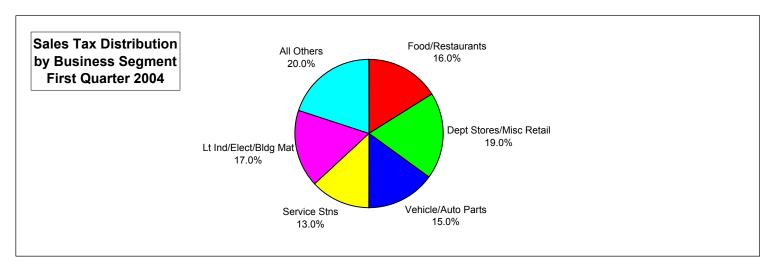
⁴ Includes the deferred payment portion of the loans noted above.

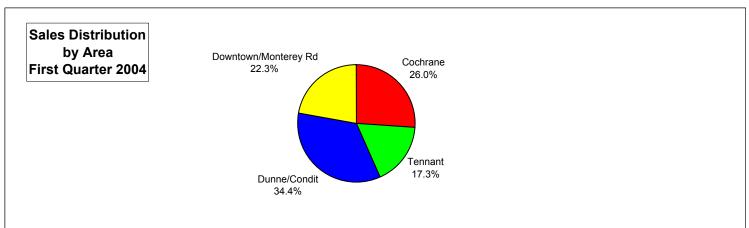
⁵ Designated for economic uncertainty, emergencies, and Fire Master Plan implementation



City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2004/05
For the Month of November 2004
42% of Year Completed

	Amount Collected for Month for Fiscal Year			Collected for Month for Fiscal Year Amount Collected YTD for Fiscal				ear Comparison of YTD for fiscal years			
Month	04/05	03/04	02/03	04/05	03/04	02/03	04/05 to 03/04	04/05 to 02/03			
				-							
July	\$307,500	\$338,300	\$367,600	\$307,500	\$338,300	\$367,600	(30,800)	(60,100)			
August	\$401,200	\$451,000	\$447,000	\$708,700	\$789,300	\$814,600	(80,600)	(105,900)			
September	\$518,724	\$232,994	\$361,932	\$1,227,424	\$1,022,294	\$1,176,532	205,130	50,892			
October	\$223,145	\$316,100	\$354,915	\$1,450,569	\$1,338,394	\$1,531,447	112,175	(80,878)			
November	\$299,300	\$421,400	\$474,800	\$1,749,869	\$1,759,794	\$2,006,247	(9,925)	(256,378)			
December		\$331,624	\$384,154		\$2,091,418	\$2,390,401					
January		\$349,500	\$368,600		\$2,440,918	\$2,759,001					
February		\$428,600	\$487,195		\$2,869,518	\$3,246,196					
March		\$292,930	\$225,908		\$3,162,448	\$3,472,104					
April		\$340,500	\$292,698		\$3,502,948	\$3,764,802					
May		\$385,525	\$394,500		\$3,888,473	\$4,159,302					
June		\$261,782	\$477,624		\$4,150,255	\$4,636,926					
Year To Da	ite Totals			\$1,749,869	\$4,150,255	\$4,636,926					
Sales Tax E	Budget for Year			\$4,600,000	\$4,650,000	\$5,330,000					
Percent of				38%	89%	87%					
	increase(decreas	e)					-1%	-13%			







REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: December 15, 2004

Prepared	By:

Finance Director

Agenda Item #21

Submitted By:

Executive director

NOVEMBER 2004 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of November 2004. The report covers activity for the first five months of the 2004/2005 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL

Monthly Financial and Investment Reports

November 30, 2004 – 42% Year Complete



Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA

FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05 FOR THE MONTH OF NOVEMBER 2004 - 42% OF YEAR COMPLETE

Revenues

Through November 30, the Redevelopment Agency received \$2,109,437 in property tax increment revenues. Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of November 30, 2004, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$80,755,253, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2004/2005 were collected under the plan amendment.

An amount of \$222,039 in interest earnings and other income was received through November. Additional interest earnings for October and November have not yet been apportioned, but will be apportioned in January 2005 following the end of the quarter ending December 31.

Expenditures

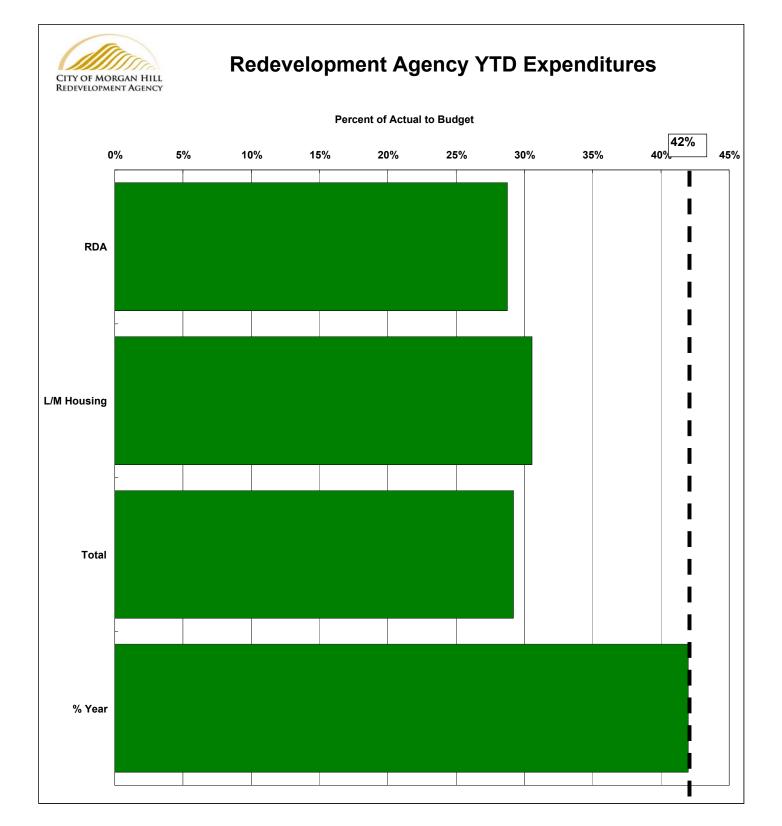
Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$5,835,997 and were 29% of budget. Of this total, \$2,673,147 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 16% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 37% of budget. Through November 2004, CIP project expenditures totaled \$2,171,930, including \$287,136 for Tennant Avenue Widening, \$658,973 for the Indoor Recreation Center, \$887,785 for the Aquatics Center, and \$300,591 for 2003/04 Street Resurfacing.

Expenditures plus encumbrances for Housing were at 31% of the budget for a total of \$2,013,389. All of the 2004/05 housing related expenditures have been funded with tax increment collected under the plan amendment.

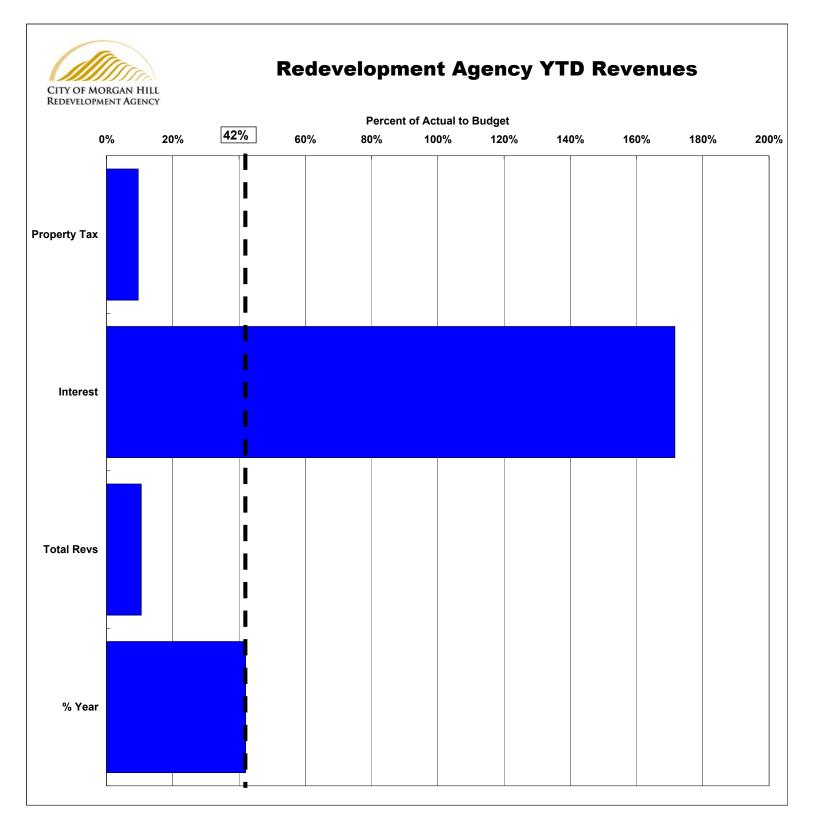
Fund Balance

The unreserved fund balance of negative (\$238,116) for the Capital Projects Fund at November 30, 2004, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$2.7 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments were subtracted from the negative (\$238,116), the remaining unreserved fund balance at November 30 would be a negative (\$4,548,116). However, these commitments are expected to be paid out over the next 2 to 3 years. While fund balance is at this very low number, it now appears that the Agency will not need to borrow funds to stay in a positive cash balance. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at November 30 was \$3,168,161.

The unreserved fund balance of \$5,385,466 for the Housing Fund at November 30 consisted of funds all collected under the plan amendment.



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$20,295,344	\$5,835,997	29%
HOUSING	6,589,093	2,013,389	31%
TOTALS	\$26,884,437	\$7,849,386	29%



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$22,017,627	\$2,109,437	10%	\$1,783,329	18%
INTEREST INCOME/RENTS/OTHER	\$129,408	\$222,039	172%	\$167,143	33%
TOTALS	\$22,147,035	\$2,331,476	11%	\$1,950,472	20%



Redevelopment Agency Year to Date Revenues - Fiscal Year 2004/05 For the Month of November 2004 42% of Year Complete

		Unaudited	Revenue	s	Expenditu	res	Year to-Date	Ending Fu	nd Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$3,864,214	1,804,716	10%	3,162,850	16%	(1,358,134)	2,744,196	(238,116)	3,168,161	
	HOUSING	\$6,872,096	526,760	11%	1,916,490	29%	(1,389,730)	96,899	\$5,385,466		
3211320	HOOSING	\$0,072,090	520,700	1170	1,910,490	2970	(1,369,730)	90,099	Φ 5,365,466	5,000,000	
TOTAL C	APITAL PROJECT FUNDS	\$10,736,310	2,331,476	11%	5,079,340	19%	(2,747,864)	2,841,095	5,147,350	8,769,027	
101712 0	711 11712 1 1100201 1 01100	<u> </u>	2,001,470	1170	0,010,040	10 70	(2,1 +1,00+)	2,041,000	0,147,000	0,100,021	
SUMMAR	Y BY FUND TYPE										
	CAPITAL PROJECTS GROUP	\$10,736,310	2,331,476	11%	5,079,340	19%	(2,747,864)	2,841,095	5,147,350	8,769,027	
				•		•		•			
	TOTAL ALL GROUPS	<u>\$10,736,310</u>	2,331,476	<u>11%</u>	5,079,340	<u>19%</u>	(2,747,864)	2,841,095	5,147,350	8,769,027	
	TOTAL CASH AND INVESTMENTS									8,769,027	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency Year to Date Revenues - Fiscal Year 2004/05 For the Month of November 2004 42% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,280,277	17,280,277	1,641,268		1,394,397	246,871	18%
Development Agreements Interest Income, Rents Other Agencies/Current Charges	17,031	17,031	- 49,406 114,042		93,787 20,719	(44,381) 93,323	n/a -47% <u>450%</u>
TOTAL CAPITAL PROJECTS	17,297,308	17,297,308	1,804,716	<u>10%</u>	1,508,903	295,813	<u>20%</u>
327/328 HOUSING							
Property Taxes & Supplemental Roll Interest Income, Rent Other	4,737,350 112,277 100	4,737,350 112,277 100	468,169 57,991 600	10% 52% <u>600%</u>	388,932 51,852 785	79,237 6,139 (185)	20% 12% <u>-24%</u>
TOTAL HOUSING	4,849,727	4,849,727	526,760	<u>11%</u>	441,569	85,191	<u>19%</u>
TOTAL CAPITAL PROJECTS FUNDS	22,147,035	22,147,035	2,331,476	11%	1,950,472	381,004	20%



Redevelopment Agency Year to Date Revenues - Fiscal Year 2004/05 For the Month of November 2004 42% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAI	PITAL PROJECTS							
	BAHS Administration BAHS Economic Developme BAHS CIP	98,933 9,877 <u>357,333</u>	1,545,675 3,125,435 8,782,152	1,596,269 3,935,625 14,763,450	514,693 476,227 2,171,930	78,692 316,566 	593,385 792,793 4,449,819	37% 20% <u>30%</u>
TOTAL CAPITAL PROJECTS		466,143	13,453,262	20,295,344	3,162,850	2,673,147	5,835,997	29%
327 AND 328 HOUSING								
	Housing	1,506,963	5,824,189	6,589,093	1,916,490	96,899	2,013,389	<u>31%</u>
TOTAL HOUSING		1,506,963	5,824,189	6,589,093	1,916,490	96,899	2,013,389	<u>31%</u>
TOTAL CAPITAL PROJECT FUND:		1,973,106	19,277,451	26,884,437	5,079,340	2,770,046	7,849,386	29%

Redevelopment Agency of the City of Morgan Hill Year to Date Revenues - Fiscal Year 2004/05 For the Month of November 2004 42% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS	(: 4.114 - 117)	(1 4114 5217525)
Ocal condition of the color		
Cash and investments: Unrestricted	2.469.462	E 600 865
Accounts Receivable	3,168,162 2,650	5,600,865 33,323
Loans Receivable	3,603,403	28,398,250
Loans Receivable	3,003,403	20,390,230
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets	,	
Total Assets	6,845,264	34,032,438
LIABILITIES		
Accounts Payable and Accrued Liabilities	713,465	19,949
Deferred Revenue ³	3,625,719	28,530,124
Accrued Vacation and Comp Time	3,023,713	20,330,124
7.00.000 7.000.000 and 7.000.p 7.000		
Total liabilities	4,339,184	28,550,073
FUND BALANCE		
Fund Balance		
runa Balance		
Reserved for:		
1,000,100,101,		
Encumbrances	2,673,147	96,899
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable		
Total Reserved Fund balance	2 744 406	96,899
Total Reserved Fund Dalance	2,744,196	96,699
Unreserved Fund Balance	(238,116)	5,385,466
	(200,110)	=,,500,100
Total Fund Balance	2,506,080	5,482,365
Total Liabilities and Fund Balance	6,845,264	34,032,438

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.

Submitted for Approval: December 15, 2004

CITY OF MORGAN HILL JOINT REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES – DECEMBER 1, 2004

CALL TO ORDER

Mayor/Chairman Kennedy called the special meeting to order at 7:04 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Chang, Sellers, Tate and Mayor/Chairman Kennedy; and

Council Member-Elect Grzan

DECLARATION OF POSTING OF AGENDA

Deputy City Clerk/Deputy Agency Secretary Tewes certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to public comments for items not appearing on this evening's agenda.

Nancie Barker indicated that there have been recent articles in the Morgan Hill Times regarding the Downtown Plan. There has also been talk about having some residential units built in the downtown which she believes may be a good idea. However, she recommended that the City remain within the confines of the residential development control growth system, Measure C passed by the voters. She said that there have been comments made that the City is considering changes to Measure C. She felt that Measure C was put into place because Measure P did not allow for the care of below or moderate income housing units needed in the community. Now, that Measure C is in place, she felt that the City needs to abide by it. She said that there is also discussion about removal of planter boxes, and the removal or pruning of trees to make them smaller. She did not recommend that the City take this action as one of the things that makes Morgan Hill so nice is the beauty of the downtown that is enhanced by the shade and color of the trees/flowers. Allowing downtown restaurants to place tables on the street(s) would be nice, but not if it necessitates the removal of existing planter boxes and trees. She felt that in driving or walking the downtown area, one is able to see both sides of the street clearly. She felt that the community needs to work together to improve the businesses in the downtown area spoiled.

City of Morgan Hill Joint Regular City Council and Special Redevelopment Agency Meeting Minutes – December 1, 2004 Page - 2 –

Steven Shope stated his support of an In and Out Burger restaurant locating to Morgan Hill. He requested that the Council agendize this item for discussion at its next regular meeting. He indicated that a petition is being circulated in support of an In and Out Burger.

City Manager Tewes indicated that the City Council has approved an In and Out Burger site in Morgan Hill and the permission to construct the restaurant extends to the end of March 2005. He stated that this item would return to the Council at that time if the restaurant has not been built by the project proponent.

No further comments were offered.

City Council Action

1. NOVEMBER 2, 2004 GENERAL MUNICIPAL ELECTION - CERTIFIED STATEMENT OF ELECTION RESULTS – Resolution No. 5866

City Clerk Torrez presented the staff report; informing the City Council that the Santa Clara County Registrar of Voters released their Certification of election results. The action before the Council is to adopt a resolution certifying the November 2, 2004 election results.

Action: On a motion by Council Member Chang and seconded by Council Member Tate, the City Council unanimously (5-0) Adopted Resolution No. 5866, Reciting the Facts of the General Municipal Election of November 2, 2004.

Mayor Kennedy presented Council Member Chang with a Certificate of Appreciation as well as a plaque, acknowledging her for eight years of dedicated service as a Council Member. During this time, she led many efforts to the benefit of the City of Morgan Hill and the community.

Council Member Chang stated that she has enjoyed her eight years of elected service. A couple of the highlights include the extension of the Redevelopment Agency, and the creation of the Morgan Hill Community Foundation and all of the civic projects constructed, or in the process of being constructed. She thanked all citizens for their support.

Deputy City Clerk Tewes administered the Oath of Office to City Clerk-Elect Irma Torrez.

City Clerk Torrez administered Oaths of Office to Mayor-Elect Dennis Kennedy, Council Member-Elect Larry Carr, Council Member-Elect Mark Grzan, and City Treasurer-Elect Michael Roorda.

Council Member-Elect Grzan took his seat on the Dias as a Member of the City Council.

Elected officials presented comments and acknowledged family members and friends in attendance. They thanked citizens for their vote of confidence and support. Each identified goals to be achieved during their upcoming term of office, including a focus of a team approach while addressing the policies and issues the City will be facing.

City of Morgan Hill Joint Regular City Council and Special Redevelopment Agency Meeting Minutes – December 1, 2004 Page - 3 –

Mayor Kennedy adjourned the meeting at 7:25 p.m. to a reception in acknowledgement of outgoing Council Member Chang and all elected officials: Mayor Kennedy, Council Member Carr, Council Member Grzan, City Treasurer Roorda, and City Clerk Torrez.

Mayor Kennedy reconvened the meeting at 7:50 p.m. He indicated that the presentation by the DePaul Health Center representative(s) would be deferred until after the Consent Calendar, and prior to item 13.

CITY COUNCIL REPORT

Council Member Carr stated that he serves on the South County Regional Wastewater Authority Board. He indicated that Council Member Chang was the outgoing chair of this Board and that she was recognized at the last meeting. He stated that a joint meeting with the Santa Clara Valley Water District Board of Directors will be held on December 14 at 1:30 p.m. To be discussed at this meeting will be recycled water and recycled water rates, including some of the things that are taking place. He said that the Board will be hosting the meeting at the SCRWA plant located in Gilroy. Following this meeting, the SCVWD Board will be hosting a meeting at the Gilroy City Council Chambers about the state of the perchlorate issue in South County. To be discussed are the plans for the cleanup and the current status of the project. He indicated that on Monday, December 13, the City Clerk and he will be joining the Live Oak High School civics classes to talk about the items they will see when they attend Council meetings. It is his hope that students will have a better understanding of what takes place at Council meetings.

SUBCOMMITTEE REPORT

None.

CITY MANAGER REPORT

City Manager Tewes indicated that he reports monthly on the testing of perchlorate to ensure that the City is meeting or exceeding state and federal standards. He reported that all wells were tested at non-detect levels in accordance with state standards. He said that the Nordstrom and Tennant Wells have ion exchange treatment plants installed.

Program Administrator Eulo indicated that for the first time, Christmas morning recycling kits will be distributed to the public at the Holiday parade to be held on Saturday, December 4. After the parade, the kits will be made available at Booksmart and City Hall. The kit is designed to help individuals opening gifts to recycle paper, and includes a complete set of instructions for recycling holiday wrappings and bows, along with directions as to where one can take old toys and other items when people clean out their closets. He encouraged the public to pick up the recycling kits.

CITY ATTORNEY REPORT

City Attorney Leichter stated that she did not have a report to present this evening.

OTHER REPORTS

City of Morgan Hill Joint Regular City Council and Special Redevelopment Agency Meeting Minutes – December 1, 2004 Page - 4 –

City Council Action

CONSENT CALENDAR:

Management Grants.

Council Member Carr requested that item 2 be removed from the Consent Calendar.

<u>Action:</u> On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) <u>Approved</u> Consent Calendar Items 2-10 as follows:

3. ACCEPTANCE OF DEWITT SEWER REPLACEMENT PROJECT

<u>Action:</u> 1) <u>Accepted</u> as Complete the DeWitt Sewer Replacement Project in the Final Amount of \$419,618; and 2) <u>Directed</u> the City Clerk to File the Notice of Completion with the County Recorder's Office.

- 4. FINAL MAP APPROVAL FOR BARRETT PLACE (TRACT 9586)
 - <u>Action:</u> 1) <u>Approved</u> the Final Map, Subdivision Agreement, and Improvement Plans; 2) <u>Authorized</u> the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City; and 3) <u>Authorized</u> the Recordation of the Map and the Subdivision Improvement Agreement Following Recordation of the Development Improvement Agreement.
- 5. FINAL MAP ACCEPTANCE FOR ALICANTE PHASE II (TRACT 9603)

<u>Action:</u> 1) <u>Approved</u> the Final Map, Subdivision Agreement, and Improvement Plans; 2) <u>Authorized</u> the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City; and 3) <u>Authorized</u> the Recordation of the Map and the Subdivision Improvement Agreement Following Recordation of the Development Improvement Agreement.

- 6. AGREEMENT BETWEEN THE CITY OF MORGAN HILL AND THE COUNTY OF SANTA CLARA FOR EMERGENCY MANAGEMENT PERFORMANCE GRANTS

 Action: Authorized the Mayor to Sign the Agreement Between the County of Santa Clara and the City of Morgan Hill Accepting Program Funds for Fiscal Year 2003 and 2004 Emergency
- 7. SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND

 <u>Action: Approved</u> the Fiscal Year 2004-2005 Spending Plan for the Supplemental Law Enforcement Services Fund (SLESF).
- 8. <u>JANUARY 2005 CITY COUNCIL/REDEVELOPMENT AGENCY MEETING SCHEDULE</u>

<u>Action:</u> 1) <u>Cancelled</u> the January 12, 2005 Special City Council Meeting; and 2) <u>Confirmed</u> the City Council/Redevelopment Agency Goal Setting Session/Retreat for January 14 and 15, 2005.

9. <u>APPROVED AGREEMENT WITH WESTON MILES ARCHITECTS FOR EL TORO YOUTH CENTER AND FRIENDLY INN SCHEMATIC DESIGN</u>

<u>Action:</u> <u>Authorized</u> the City Manager to Negotiate, Prepare and Execute the Professional Services Agreement for Architectural Consultant Weston Miles Architects (WMA) for

City of Morgan Hill Joint Regular City Council and Special Redevelopment Agency Meeting Minutes – December 1, 2004 Page - 5 –

Programming and Schematic Design Services Required at the El Toro Youth Center and The Friendly Inn, Subject to Review and Approval by the City Attorney.

10. <u>APPROPRIATE FUNDS TO PURCHASE A REPLACEMENT VEHICLE FOR THE</u> BUILDING DIVISION

<u>Action:</u> <u>Appropriated</u> \$25,000 from the Vehicle Replacement Fund to Purchase a Half-ton Pickup Truck and the Equipment Needed to Outfit the Truck.

2. RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) 2004 QUARTERLY REPORT #3

Council Member Carr noted that one of the projects that is behind schedule is the Watsonville-South County Housing project. He inquired whether there was anything the City can and should be doing to help South County Housing with this project. He wanted to make sure that this project is kept on schedule as close as possible.

Planning Manager Rowe informed the Council that the Planning Commission noted a number of projects that have final maps in process. He said that there were additional insured requirements that are part of the subdivision improvement agreements that have been a stumbling block for some of the projects. He stated that it was his understanding that most of the projects have been able to resolve the insurance matters and are now at a point where they are starting to record maps.

Council Member Carr noted that in the minutes from the Planning Commission meeting, Commissioner Benich inquired about MP-93-08: Villanova I-San Pedro Barton. He noted that this was a six unit project and that no building permits have been pulled or finalized with an allocation date of 1992. He said that there is apparently a long history associated with this project as suggested in the minutes. He did not know the issue nor has a need to know what the issue is. He wanted to know how the City can get these units back on track.

Planning Manager Rowe stated that four of the six units represent the affordable housing commitment of this particular project. He said that the City has learned from this and has changed the rules so that as projects are built out, below market rate units are built proportionately to the market rate units. He confirmed Mayor Kennedy's inquiry, indicating that this is the land that Habitat for Humanities has been looking at. This is the reason staff would like to preserve the allocations. If there is someone who can step in and complete the project, the allocations would be available for this purpose.

Business Assistance and Housing Services Director Toy informed the Council that staff has been working with Habitat for Humanities. He said that staff has also been speaking to the developer to try and reach an agreement for the sale of the property. He said that Habitat for Humanities has been trying to work with the developer directly to try to get him to sell the property and take a tax deduction. He said that it will take a while to purchase the land as the developer has no motivation to sell the property. He clarified that the property owner cannot develop the property unless he meets the requirements of the development agreement. However, the property owner is not required to sell the property. Staff is trying to work out a situation where it works for both parties.

City of Morgan Hill Joint Regular City Council and Special Redevelopment Agency Meeting Minutes – December 1, 2004 Page - 6 –

Mayor Kennedy inquired whether there was anything the City could legally do to move forward with development of this project..

City Attorney Leichter indicated that there is very little the City can do under the language contained in the project's development agreement, noting that the property owner is a developer who resides in southern California. To her knowledge, he has not developed any other projects in the City.

<u>Action:</u> On a motion by Council Member Carr and seconded by Council Member Tate, the City Council unanimously (5-0) Accepted and Filed the RDCS Third Quarter Report for 2004.

Redevelopment Agency Action

CONSENT CALENDAR:

<u>Action:</u> On a motion by Agency Member Tate and seconded by Vice-chairman Sellers, the Agency Board unanimously (5-0) <u>Approved</u> Consent Calendar Item11 as follows:

11. <u>APPROPRIATE FUNDS TO BUY A REPLACEMENT VEHICLE FOR THE REDEVELOPMENT AGENCY'S GRAFFITI ABATEMENT PROGRAM</u>

<u>Action: Appropriated</u> up to \$11,000 from the RDA Fund and up to \$14,000 From the Unappropriated Equipment Replacement Fund to Purchase a Replacement Vehicle and Equipment Needed to Outfit the Vehicle.

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Mayor Pro Tempore Sellers indicated that Council Member Elect Grzan may wish to abstain from the approval of the November 17, 2004 meeting minutes as he was not in attendance of said meeting.

12. <u>SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF NOVEMBER 17, 2004</u>

<u>Action:</u> On a motion by Council/Agency Member Tate and seconded by Mayor Pro Tempore/Vice-chairman Sellers, the City Council/Agency Board, on a 4-0-1 vote with Council/Agency Member Grzan abstaining, <u>Approved</u> the Minutes as written.

PRESENTATION

Joanne Allen, O'Connor Hospital, indicated that she has been working on the DePaul Health Center project for over a year which has resulted in a business plan for out patient services. She stated that the first phase of the out patient services included diagnostic imaging, laboratory, urgent care, cafeteria services and a retail pharmacy. She said that they have been reducing the capital project dollars from \$14.5 million to \$9.5 million. She said that they will be moving forward with the project. However, there were two incidents that have taken place within 90 days which were out of their control. She

City of Morgan Hill Joint Regular City Council and Special Redevelopment Agency Meeting Minutes – December 1, 2004 Page - 7 –

indicated that the Robert F. Kennedy (RFK) Hospital, their sister hospital in Hawthorn, Los Angeles County, is scheduled to close December 8, 2004. This facility has lost over \$70 million during the last two years. She said that the Daughters of Charity is obligated for the debt associated with RFK Hospital upon closure. She said that the Daughters of Charity is in the process of supporting and paying off the debts and its financial obligation for this facility, which is significant to O'Connor's bottom line and to its cash. The second event to take place within the last 90 days is the closure of the San Jose Medical Center. As of December 1, 2004, ambulance traffic has been diverted. O'Connor Hospital is experiencing increased patient volume and has had to put together a strategic capital plan to accommodate these patients. She stated that this is another significant cash outlay of approximately \$6 million. She stated that the Daughters of Charity will not be able to fund the \$9.5 million capital investment plan for the DePaul Health Center at this time. She stated that they will be going back to the drawing board, exploring options/partnerships as well as looking at philanthropic opportunities and grant proposals to fund the project. She informed the Council that she spoke with the medical office building physicians this evening and discussed services that could be provided in the existing medical office building that is up and running. She said that there is room for urgent care and opportunities to look at basic radiology as well as a laboratory draw station. She stated that they would continue to work with the physicians and the community as well as looking toward partnerships for funding of the project. She stated that Daughter's of Charity is disappointed that they are not able to state that they are ready to proceed with the first phase and turn the lights on. However, they are hopeful about the future of the DePaul Health Center. They will go back and put together a proposal to provide health services in the community.

Mayor Kennedy said that it is his understanding that as you move into the hospital facility, it necessitates upgrading the entire facility, and bringing the building and central facilities up to code.

Ms. Allen confirmed that the initial costs would be an estimated \$5 million to bring the facility's infrastructure up to code and provide outpatient services in the building.

Mayor Kennedy stated that he met with the chief financial officer of the Daughters of Charity, Ms. Allen and Mark Olen, who outlined the dire financial picture they are facing.

Ms. Allen said that Daughters of Charity lost \$22 million as a system last year. She said that the majority of the losses came from southern California and that significant losses were associated with the RFK facility. She said that RFK will be closing as of December 8 and that these losses will be capped. However, as a sister hospital, they still have financial responsible for funding their obligation for this facility. This resulted in a significant impact to cash.

Mayor Pro Tempore Sellers felt that he heard Ms. Allen state in her presentation that the Daughters of Charity would like to continue in its interest in the community of Morgan Hill with this facility.

Ms. Allen said that the Daughters of Charity will be going back to the drawing board and will work with the Morgan Hill Health Foundation, as well as the community advisory board, and rethink its services. She felt that originally they were in one strategic plan mind set by planning to open the general acute side of the facility. She felt that this was the time to look at all opportunities. She would be reopening discussions with other healthcare providers. She said that they are committed toward working on a plan

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that makes sense for the Daughters of Charity and the community. She indicated that the Daughters of Charity appreciates the commitment of the Council. She indicated that the medical office building is open and that she talked to the physicians this afternoon, inquiring as to the services that can be provided in the medical office building. She stated that there is space available to look at providing urgent care services. She said that they will be having this discussion with the physicians. The physicians have been reassured that the medical office building will remain open for business. She informed the Council that the physicians are pleased with the site.

Joe Mueller stated that the site has had a long history. When Catholic Healthcare West got into a lot of trouble, they left the City. What the Council is hearing from the Daughters of Charity this evening is that they will not run away from the City. He said that due to a couple of incidents that are not under the control of what is taking place in Coyote Valley, completion is not possible at this time. He felt that the City has determined it has a partner in the Daughters of Charity and the DePaul Health Center team to try to bring back medical services to the community. He said that the message that Ms. Allen is presenting this evening is that they are still in the community and will provide services. They have reassured the doctors that they are still here. He indicated that the new physician's practice is building nicely, and is meeting her expectations. He felt that there is some good news here, but that completion has been delayed due to impacts beyond anyone's control. He felt that the healthcare service plan needs to be re-thought out and built upon.

Brian Kelly, representing Venture Corporation, indicated that a few months ago, they came before the City Council to receive approval for an MRI laboratory in their medical condominium project to be built on Butterfield Boulevard. The Council deferred action on the MRI facility until today to see how the hospital was to proceed. He said that it is disconcerting to hear the bad news that a hospital will not be built as a City needs and wants a hospital. It is his hope that it will come to fruition as soon as possible. He said that Venture Corporation is about a week away from starting the grading on the medical condominium buildings. It was his belief that the buildings would be sold out in the next 4-5 months, indicating that they have three individuals lined up to purchase condominiums. He said that there is a window of opportunity for the MRI lab to come into this project at this time, however, the window may close. He informed the Council that he spoke to a gentleman this week who is still interested in opening an MRI facility.

City Council Action

PUBLIC HEARINGS:

13. ZA-04-07: DIGITAL-VENTURE PROFESSIONAL CENTER

Planning Manager Rowe presented the staff report, indicating that in September 2004, the Council approved a zoning amendment to allow general office uses that would allow up to 40,000 square feet of medical/dental offices in the Venture Professional Center. At that time, concerns were expressed by members of the DePaul Health Center that there could be a potential duplication if they were to proceed with the establishment of an MRI facility at the DePaul Health Center. The Council deferred action with respect to whether an MRI facility should be allowed with this application. The Council agreed to reconsider the request on or after December 1, based on the information to be received from the DePaul

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Health Center representatives. Should the Council wish to allow an MRI facility in the Venture Professional Center, the recommended action would be to adopt the ordinance attached to the staff report.

Council Member Grzan inquired whether this facility would conduct CT scans. He further inquired whether there were different licensing requirements for CT scans versus that of an MRI facility.

Mr. Kelly said that the MRI health provider would provide a full range of services; not just one. It was his belief that CT scans would be provided and that there could be a full range of imaging services.

Ms. Allen indicated that there were different licensing and shielding requirements for CT scans as opposed to MRI services.

City Manager Tewes reminded the Council that the land use decision before it relates to the uses that might be allowed within the center. The City is not specifying particular uses. By allowing an MRI facility, all services mentioned and all particular specialties could occur in this facility should the Council approve the ordinance before it this evening. Therefore, all imaging services would be allowed.

Mayor Pro Tempore Sellers stated that the Council deferred approval of the MRI use in order to make sure that it made a long term decision that would be best for the community. He felt that it was incumbent upon the Council to move forward because these services need to be advanced. He recommended that the City, along with the medical services groups, the Medical Health Foundation and others, continue to be involved. He said that there are two issues before the Council: 1) the financial viability of the facility; and 2) the long term provision of medical services. He stated that he has little doubt that as the DePaul Health Center continues to evolve, the Daughters of Charity will be able to develop facilities that would add to those in place. Should the Council move forward with the request for an MRI facility at the Venture Professional Center; it would not preclude DePaul's involvement. He felt that it was vital that the City makes sure that this connection continues and that it does not do so inadvertently. He stated that he would be supportive of taking action this evening.

City Manager Tewes clarified that the Council would be introducing an ordinance and not a resolution. He said that section 5 of the ordinance makes clear that the Council is approving a magnetic resonance imaging (MRI) facility. He noted that there was considerable discussion at the previous meeting of what is meant by an MRI. He clarified that Section 5 approves an MRI facility within the Venture Professional Center. He stated that this is the only use that the applicant has requested and nothing further.

Mr. Kelly indicated that Section 5 was not the intent of the MRI group in coming to Morgan Hill. He felt that the individual would like to offer different services for different needs and not narrow the services to MRIs. He stated that it was Venture Corporation's intent to be able to allow an MRI group to provide all resolution imaging services.

City Attorney Leichter requested that the Council table this item for a few minutes to allow staff to review the wording contained in the actual application in order to make sure that the ordinance is consistent with the application. If an MRI facility is different from a CT scan, it would not be allowed.

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Mayor Pro Tempore Sellers recommended that it be determined whether or not the balance of the services are already allowed under the existing zoning. If the services are already allowed and the City is only adding an MRI facility, the Council can proceed.

Action:

On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) tabled this item to allow staff to review the file and determine the actual request submitted as part of this application.

14. <u>LIMITATIONS ON CURBSIDE STORAGE OF GARBAGE AND RECYCLING CONTAINERS</u> – Ordinance No. 1704, New Series

Program Administrator Eulo presented the staff report, indicating that the City has received a host of complaints over the past year about individuals who may not be diligent about returning their garbage and recycling containers to a storage area following collections. He has heard complaints about some individuals storing containers on the curb and leaving them out, upsetting neighbors. He said that one can argue that the current municipal code makes this illegal but that it could be argued that the current code is not as clear as it could be about this issue. Therefore, staff has drafted a revision to the code that would limit and clearly state that starting at noon before a collection date, a resident would be allowed to be place garbage and recycling containers on the curb and that they must be put away by noon the following day. Staff believes that these time limits are flexible enough to accommodate individuals with unusual schedules. He noted that issues like this are followed up on a complaint basis.

Council Member Grzan inquired as to the definition of a "curb."

Mr. Eulo said that the term "curb" is not defined in the City's code but that a curb could be considered a sidewalk or street, depending on how a neighborhood was developed. He said that leaving containers on a street or sidewalk is unsightly and could get in the way of bicycles and pedestrians who happen to be in the area. He stated that it would be a violation to store containers on driveways on a long term basis as containers need to be stored out of sight.

Council Member Grzan inquired whether the ordinance would be better served if it is stated that containers need to be stored out of sight as opposed to curb.

Mr. Eulo indicated that it is the intent of the ordinance amendment to get containers off curbs. If the Council so directs, staff can take a look at how the storage ordinance is currently developed and to see if there is a policy goal to place items out of sight that necessitates further modifications.

Mayor Pro Tempore Sellers was trying to envision a scenario and the viability of storing containers. He said that it is often easier for individuals to place containers on the curb before they leave for work in the morning and remove them from the curb in the evening. He said that a few cities have a 24-hour prior to and following pick timeframe to remove containers from the curb. He felt that this limitation makes more sense because it gives residents a little more latitude. If the ordinance requires a noon to noon restriction, it may make it infeasible for individuals who are out of town on a regular basis or who commute on a daily basis. These individuals would be in violation if they place the containers out the

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morning before. He recommenced that the ordinance stipulates a 24-hour before and 24-hour after clause similar to other cities as it would give residents some latitude versus establishing a specific time.

Council Member Grzan stated his support of the 24-hour limitation as it may be difficult for some families to meet the 12 hour timeline.

City Attorney Leichter and Mr. Eulo indicated that the ordinance could be amended this evening to state that containers can be placed on the curb before 6 a.m. on the date of the collection and shall be properly stored as specified no later than 6:00 a.m. the day immediately following collection.

Mr. Eulo informed the Council that the City has to come up with rules that are enforceable in the ordinance as some individuals are not putting away their containers after collection.

Council Member Grzan inquired as to how the city would communicate the change to the public.

Mr. Eulo indicated that the ordinance amendment would affect few individuals that they would be notified by the code enforcement officers. The code enforcement officer will now have a stronger tool to point to when there is a violation.

Council Member Grzan recommended that the City ask its vender to place a notice in their next billing to explain the code changes.

Mr. Eulo said that staff can request South Valley Refuse and Recycling to include a notice in the billings to be mailed. However, if it is a goal to communicate the change in the ordinance to the public, there may be other opportunities better than the one mentioned because the billing notice/newsletter goes out to several communities. He said that the City's newsletter would be mailed solely to Morgan Hill's residents and would be a better way to focus the change in ordinance.

In response to Council Member Carr's question, City Attorney Leichter stated that it was her belief that when there is a complaint/violation, a warning would be given at least once or twice before issuing a citation.

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) <u>Waived</u> the reading in full of the Ordinance No. 1704, New Series.

Action: On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) Introduced Ordinance No. 1704, New Series, by Title only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING CHAPTER 13.28 (SOLID WASTE COLLECTION AND DISPOSAL) OF TITLE 13 (PUBLIC SERVICES) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING GARBAGE CONTAINER PLACEMENT FOR COLLECTION, amending Section 1 to stipulate "...Containers

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shall not be placed at the curbside for collection before noon 6 a.m. on the day preceding collection and shall be properly stored as specified in Section 13.28.050 no later than 6 a.m. the day immediately following the day after collection." by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

13. <u>ZA-04-07: DIGITAL-VENTURE PROFESSIONAL CENTER - Continued</u> - *Ordinance No. 1703, New Series*

City Attorney Leichter informed the Council that she and Planning Manager Rowe reviewed the application and the planning commission minutes as well as the environmental documentation, noting that they all refer to an MRI facility. She said that any use that would require an MRI license would be acceptable. Therefore, if a different license is needed for a CT use, this would not be an acceptable use. As the applicant applied for an MRI use, and this is what the environmental review has been predicated on, the zoning amendment would apply solely to the MRI facility. If the Council wishes to broaden the use/functions, it would have to go back through the appropriate channel.

Council Member Carr inquired as to what the process would be if the investor who wants to move forward with the facility wishes to increase the range of imaging services. He noted that it was indicated that the developer would like to proceed with ground work in approximately 10 days. He inquired whether changes that need to be made to the building would be made in the process, or whether it would impact their building schedule should changes be desired.

City Attorney Leichter responded that the applicant would simply need to amend the applications.

City Manager Tewes informed the Council that the applicant has applied for a grading permit and a shell building permit. The applicant has not applied for any building permits or tenant improvements for any uses at this point.

City Attorney Leichter indicated that it appears that the applicant would have time to amend the use permit and expand on the uses.

Mayor Kennedy opened the public hearing.

Brian Kelly said that limiting or narrowing the definition to an MRI would not allow the individual to move forward with the imaging services/functions. He said that it was the intent of the application to apply for imaging services for the community and not just MRI services.

Council Member Tate informed Mr. Kelly that he would have to submit a more specific application to allow any imaging uses that require different licensing from an MRI.

Planning Manager Rowe said that that if other imaging services are desired, he would recommend that the Council not act on the zoning amendment this evening. This would allow the City and the applicant to be clear of the definition and the range of services/scanning that can be provided within an MRI facility. He stated that the application filed with the City requested an MRI facility. What was contained

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in the ordinance before the Council on August 18 was to add a third item under the permitted uses which listed an MRI facility. At that time, it was not requested to broaden the range of services to include other items. He said that it may be found that as defined, all services being requested may be covered under the type of facility being requested. However, staff would have to conduct research and report back to the Council to be certain.

Mayor Pro Tempore Sellers felt that it made sense to move forward with the MRI facility, as a defined component. If through research it is determined that what is before the Council this evening is not sufficient, he inquired as to the process and how long would it take to make the change to allow the uses desired.

Planning Manager Rowe said that if the type of services desired are not what was requested as part of this application, further amendment to the PUD would be required to add the uses into the allowable uses as listed under exhibit B. He indicated that an amendment to the PUD would take approximately 6-8 weeks because of the public noticing requirements.

Mr. Kelley stated that it was his belief that all services are needed but would agree to what the Council believes is best.

Council Member Grzan said that he would hate to see the facility filled only to find out later that the applicant was limited by what would be decided this evening. He did not believe that Mr. Kelly was not clear as to what services would be provided. He felt that the two types of modalities are different and are licensed differently. He noted that Venture Corporation would be constructing a facility as approved this evening. He recommended that Mr. Kelly find out what Venture Corporation plans to move forward on, and that the Council approve a proper ordinance that does not restrict, or cause financial harm to Venture Corporation.

Mr. Kelly stated that it was his understanding that a group of doctors would provide services and would be licensed to perform different types of procedures, offering the same services under the same roof. He clarified that Venture Corporation would be selling the four walls. The MRI group of physicians would come in and finish the structure based on the services to be provided.

Mayor Kennedy noted that staff is recommending that the Council defer action on this item until the City can receive a clear definition on what is being requested. He inquired whether this could be done by the December 15 meeting.

Council Member Carr recommended that the Council move forward with the application before it that is very specific. If the application is not what was intended by the applicant, the applicant could come back to amend the application to make the changes.

Antoinette Ludwig agreed that other imaging services such as mammograms, sonograms, and ultra sounds are needed. She recommended that all imaging services be approved and authorized.

Mayor Kennedy clarified that the Council does not know whether these imaging services are included in the definition of an MRI licensing.

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Andrew Barna addressed the use of the facility and how it needs to be constructed. He indicated that an MRI is a large magnet whose shielding has to be made of lead to keep other types of electronics from being affected by the large magnet. He stated that a CT scan uses radioactive materials, indicating that the shielding for this use is different, needs to be constructed differently, and has a different environmental impact for storing radio active materials on site. He said that it is not a matter of what the physician is licensed to do, it is a matter of the facility, how it is built, and how it can provide protection for the devices/environment.

No further comments being offered, the public hearing was closed.

Action: On a motion by Council Member Carr and seconded by Mayor Pro Tempore Sellers, the

City Council unanimously (5-0) Waived the reading in full of Ordinance No. 1703, New

Series.

Action: On a motion by Council Member Carr and seconded by Mayor Pro Tempore Sellers, the

City Council unanimously (5-0) <u>Introduced</u> Ordinance No. 1703, New Series to allow an MRI facility at the Venture Professional Center, by Title only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1694, NEW SERIES, EXHIBIT B (ALLOWED USES FOR DIGITAL ISLAND VENTURE PROFESSIONAL CENTER) TO ALLOW A MAGNETIC RESONANCE IMAGING FACILITY (APNs 726-25-080 thru -082) (ZA-04-07: DIGITAL - VENTURE PROFESSIONAL CENTER), by the following roll call vote: AYES: Carr, Grzan,

Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

Mayor Pro Tempore Sellers stated that the Council has proceeded with the same ordinance from the beginning. Therefore, he was comfortable with proceeding with this ordinance as the Council moves through this process. He said that it would be helpful for the community and the Council if it turned out that there were other facilities being requested, and that there be further discussions. He stated that a medical service is a community issue as well as an economic issue. He would agree to take this application step by step through the process in order to have the public discussion of other uses as well. If it turns out that the Council has overlooked something, the City could expedite an amendment.

Mayor Kennedy thanked O'Connor Hospital and the Daughters of Charity for the work that they are doing to bring the DePaul Health Center back into operation. He felt that it was important that the City move forward with the MRI as there is no guarantee that the City would be able to get an MRI in the DePaul facility. Therefore, it is important that the City proceed with the MRI, and thus he supports the use under this application.

Redevelopment Agency Action

OTHER BUSINESS:

15. CHAMBER OF COMMERCE AGREEMENT

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Director of Business Assistance and Housing Services Toy presented the staff report, indicating that this item would authorize the Executive Director to enter into an agreement with the Chamber of Commerce, (Chamber) to implement their economic development marketing plan. He stated that this is the second year that the Chamber is implementing an economic development marketing plan, and that in the first year they spent time establishing the structure for implementation of the plan. For this fiscal year, the Chamber will continue to implement the economic development plan. He stated that the Chamber is requesting the same level of funding as provided last year, \$125,000. He indicated that Agency funds would be used to fund direct services. The Chamber will continue to try and raise \$92,000 in private funds to augment services. He informed the Council that there is one significant difference between services this year from last year, in that the Chamber is requesting that the Agency fund approximately \$20,000 in tourism activities. He said that the rationale for this request is that there is an interrelationship between tourism and economic development. He identified the key services to be provided by the Chamber of Commerce. He indicated that the Agency would retain \$5,000 of the \$125,000 as an allowance to help pay for the use of the community center to be used for various economic development related activities.

Chairman Kennedy opened the public comment.

Don Erhler, Executive Director of the Chamber of Commerce, requested Council approval of staff's recommended action. He said that he views this as a marketing arm for the City. It is an investment in activities for economic development, and its definition of creation of jobs, business retention, and in bringing individuals to the community. He felt that every visitor to the community is a potential resident and there is a potential to bring businesses to Morgan Hill making it a much better place to be.

Bob Martin, Chamber of Commerce marketing consultant, stated his support of the contract between the Chamber of Commerce and the City. He indicated that the Chamber transitioned new leadership over the last five months and that he has been a constant player in this effort over the past 12 months. He is obliged in supporting the Chamber in submitting the detail plan before the Council that outlines the scope of the Chamber's proposed contractual work for economic development through the end of the fiscal year. He noted that the plan is an extension of activities that were previously approved by the Council, as well as several tactics that the Chamber believes will bring favorable results for the balance of the fiscal year. He stated that the strategic objectives in the coming year have not changed and would continue to attract new businesses to Morgan Hill; encouraging and establishing open lines of communication throughout the existing business community in the name of retention, including specific programs aimed at boosting local business revenue; and marketing the City to target audiences into and beyond Silicon Valley. It is the hope of the Chamber to be a sounding board and ultimately a unifying agency for the integration of most, if not all, economic development activities among the community's interested parties, public and private. He indicated that a top priority for the Chamber would be to institute and examine measurements of economic development activities successes, including a similar matrix used by the City's Business Assistance and Housing Services Department, augmented by key indicators that the economic development committee has requested. He said that tourism was included in the plan as a matter of disclosure than emblematic of unique research allocations. The Chamber of Commerce will be spending some of the money specifically on tourism.

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Chairman Kennedy indicated that it has been suggested to him that a lot of Morgan Hill's businesses have a potential to refer customers and visitors to various venues in Morgan Hill. He requested that the Chamber provide copies of the Chamber's business directory to major restaurants, hotels, beauty salons, and barber shops; broadening the distribution of the directory to help business refer customers to various venues.

Agency Member Grzan stated that he is a strong supporter of the Chamber of Commerce. However, he noted that the contract is not outcome based and is based more on performance. He inquired whether the Chamber could relate anything that it is doing in terms of outcomes such as raising the City's tax base, as this would be an outcome. He felt that outcomes would allow the City to measure the effectiveness of the program.

Mr. Martin said that the Redevelopment Agency has eight matrixes that it uses to measure its effectiveness. He indicated that the Chamber will match these matrixes. The Chamber will also use the matrixes that the economic development committee has asked to be tracked (e.g., increase in sales tax revenue, net new business licenses, etc.). He noted that the Chamber of Commerce has only been conducting the plan for eight months, and that the matrices lag their activities by sometimes more than a year. He said that the Chamber of Commerce is trying to establish a baseline as of 2004 and then move forward. It is his hope that the Chamber would add 3-5% growth to what has already been seen as a return on investment.

Agency Member Carr indicated that Council Member Grzan raised a question was asked last year when the Chamber was before the Agency for the approval of a contract. He noted that staff indicated that performance measures would be provided at the end of the second quarter. He inquired whether these were the performance measures addressed by Mr. Martin in the matrices. If the matrices are a mirror to what the City's Redevelopment staff is already keeping, how would the City know that the \$125,000 investment of the taxpayers is doing in addition to what the City would be doing?

Mr. Martin did not believe that the City should expect the \$125,000 to maintain the trend, but that it should be expected to bolster the trends. It was his hope that a 3-5% increase in the various items would exceed the trend that exists by paying the City. He said that the baselines needs to be laid out. He also felt that there would be more soft results. He stated that the Chamber has been active in seeking business partners by opening a dialogue between economic development partnerships and the business community, in order to understand what some of the challenges are. He said that an open dialogue is needed with the City and its various entities. When this dialogue takes place, it is his hope that the City and the business community can become more unified in terms of identifying some of the obstacles that the entities have control over.

Mr. Erhler thanked Mr. Toy for his time and assistance in working with the Chamber. He felt that working together and partnering between the Chamber and the City is the key to accomplishing the goals of this program. It is his belief that the Chamber has the tools and expertise to make this a successful plan.

No further comments were offered.

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Vice-chairman Sellers felt that the Redevelopment Agency/City is looking forward to new and better ways of doing the job that it has been trying to do for a number of years. It was his hope that the Chamber will be flexible in changing direction should the City's role change, or if there is desire to have a different role with the City as a partner. He said that this year, the City has started to see quantifiable gains that it has been hoping for. He stated that with any good economic development, the results will take a while to be realized. He looks forward to continued improvements and a continued strong partnership with the Chamber of Commerce.

Action:

On a motion by Vice-chairman Sellers and seconded by Agency Member Tate, the Agency Board unanimously (5-0) <u>Authorized</u> the Executive Director to Prepare and Execute an Agreement, in an Amount not to exceed \$125,000, with the Morgan Hill Chamber of Commerce to Implement Their Economic Development Marketing Plan for Fiscal Year 2004-2005.

Chairman Kennedy requested a correction to page 133; marketing plan scope of work, item 130 should read 2004-05 (not 2003-04).

City Council Action

OTHER BUSINESS:

16. <u>ACCEPTANCE OF THE AQUATICS CENTER PROJECT AND AMENDMENTS TO</u> CONSULTANT AGREEMENTS AND PURCHASE ORDERS

Director of Public Works Ashcraft presented the staff report, indicating that staff recommends that the Council accept the project with a change order totaling \$287,000 for a total of \$9 million, that would result in a 3.3% change order for this project. He stated that staff worked closely with the aquatics subcommittee to add enhancements to the project that totaled over \$359,000, which made the project even more successful. He informed the Council that during the last 4-6 weeks, Nova Construction has been negotiating with the contractor and that they were able to reduce the claims of the contractor over \$150,000. In response to Council Member Grzan's question, he indicated that staff would need to research the original estimated cost for the aquatics center, noting the project concept change when it went from pre design, to design, to final construction.

Mayor Kennedy indicated that there was a major change in scope that was added. This was originally proposed as a five phase project. Some of the items identified as part of phase II were moved up to be constructed in the first phase. This changed the scope and the original cost estimate significantly.

City Manager Tewes said that at the time of award on July 16, 2003 the cost for the project, including land purchase, was \$13.9 million. He noted that staff is now recommending an additional \$50,000.

Project Manager Ritter informed the Council that of the \$28,975, approximately \$9,000 was miss-coded expenses that were charged inadvertently to the CIP account, and should have been charged to operations. These funds were used for grand opening marketing costs. The other \$19,000 was used for concession revisions/start ups.

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City Manager Tewes clarified that some start up costs included consultant expenses authorized by the

Council. The City had a professional person come in and advise staff how to set up the equipment, conduct procedures, and the hiring of staff, that were inadvertently charged to the CIP.

Mayor Pro Tempore Sellers said that he was anticipating the arrival of the wireless internet service. He inquired whether this item was installed late in the summer.

Project Manager Ritter responded that it was his belief that wireless internet service was installed and that it would be available by next spring. He stated that he would follow up on this question.

Mayor Kennedy opened the floor to public comment. No comments were offered.

Action: On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Carr, the City Council unanimously (5-0):

- 1. <u>Accepted as Complete</u> the Aquatics Center Project in the Final Amount of \$9,000,000 and <u>Directed</u> the City Clerk to File the Notice of Completion with the County Recorder's Office;
- 2. <u>Amended</u> Consultant Agreements as Follows, Subject to Review and Approval by the City Attorney: a) Nova Partners, Inc. for an Additional Fee not to exceed \$35,000; b) Pacific Geotechnical Engineering for an Additional Fee not to exceed \$2,377; c) Biggs Cardosa Associates for an Additional Fee, not to exceed \$1,880;
- 3. <u>Amended</u> the following Purchase Orders: a.) Purchase Order No. 5355 with Miller Networks for Additional Installation of Voice/Data Cabling in an Amount not to exceed \$3,173.69; b) Purchase Order No. 4899 with Bay Alarm Company for Additional Fire Alarm Work and to Include Sales Tax on CCTV Equipment in a Total Additional Amount not to exceed \$1,638.25;
- 4. <u>Appropriated</u> an Additional \$50,000 to the Project Budget from the Unallocated Redevelopment Agency Fund Balance;
- 5. <u>Clarified</u> that the \$1,000,000 of Park Development Funds (CIP#110097) Allocated at Award on July 16, 2003, May be Used for Construction and Purchase of Land; and
- 6. <u>Authorized Transfer</u> of \$28,975.57 from Unallocated General Fund Balance to the CIP Account;

17. POSTPONEMENT OF REVIEW AND REASSIGNMENTS TO COUNCIL COMMITTEES AND OUTSIDE AGENCIES

City of Morgan Hill Joint Regular City Council and Special Redevelopment Agency Meeting Minutes – December 1, 2004 Page - 19 -

Council Member Carr said that it would be his recommendation that the Council review its outside agency assignments after the Council's January 2005 retreat. At the retreat the Council would be setting goals and discussing items to be accomplished. Also to be discussed at the retreat would be the recommendations on how the Council can change some of the structures of how it operates. This may lead the Council in the direction that it may not need some of the assignments. Rather than making the assignments at the Council's next meeting, he recommended that the Council wait until after its goal setting session. He indicated that he took a look at former Council Member Chang's assignments to see if any of them would have anything of urgency over the next five weeks. Other than a meeting of the South County Regional Wastewater Authority to be held on December 14, 2004, a joint meeting with the Santa Clara Valley Water District Board (SCVWD), he did not believe that there were any assignments that necessitated reassignments this evening.

Mayor Pro Tempore Sellers noted that all assignments have Council alternates. Therefore, it was his belief that the Council can defer assignments for 5-6 weeks.

Mayor Kennedy recommended that a Council member he assigned to SCRWA. He volunteered to attend the next SCRWA meeting along with Council Member Carr. He supported reviewing Council assignments in January 2005.

Action: On a motion by Council Member Carr and seconded by Mayor Pro Tempore Sellers, the

City Council unanimously (5-0) Approved Postponement of Council review of assignments to Committees and Outside Agency Appointments Until the Conclusion of

the Council's Goal Setting Session.

Action: By consensus, the City Council accepted Mayor Kennedy's willingness to represent the

> City of Morgan Hill at the next SCRWA meeting. The remainder of former Council Member Chang's assignments to be reviewed/assigned at the January 19, 2005 Council

meeting.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

Council Member Carr requested that the following items be agendized for future Council discussions: 1) Indian Gaming Casino (identification of the project); and 2) Review the list of inhibitors to economic development identified in the back of the budget for possible changes (discussion to be agendized following the Council's scheduled goal setting session).

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

City Attorney/Agency Council Leichter announced the below listed closed session items.

Authority:

City of Morgan Hill Joint Regular City Council and Special Redevelopment Agency Meeting Minutes – December 1, 2004 Page - 20 –

Number of Potential Cases:

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)

4

Case Name: Accu-Balance Associates, Inc. v. City of Morgan Hill

Case Number: Santa Clara County Superior Court, Case No. 1-04-CV-029263

3.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Legal Authority Government Code 54957

Public Employee Performance Evaluation: City Attorney

Attendees: City Council, City Attorney

4.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code section 54956.9(a)

Case Name: City of Morgan Hill v. VBN Corporation and ABSG Consulting, Inc. Court/Case Number: Santa Clara County Superior Court, Case Number 1-03-CV-008266.

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairman Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to Closed Session at 9:10 p.m.

RECONVENE

Mayor/Chairman Kennedy reconvened the meeting at 10:05 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney/Agency Counsel Leichter announced that authority was given to defend in the case of Accu-Balance Associates, Inc. v. City of Morgan Hill.

ADJOURNMENT

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 10:07 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

EXTENSION OF TIME, EOT-04-08-McLAUGHLIN-SOUTI	I
COUNTY HOUSING	

RECOMMENDED ACTION(S):

Adopt Resolution

EXECUTIVE SUMMARY:

The applicant is requesting an Exception to Loss of Building Allocation allowing a 60 day extension of time for five building allotments awarded under the Micro Measure P competition for Fiscal Year 2000-01 and Fiscal Year 2001-02. The development will be located north of East Central Avenue at McLaughlin Avenue, east of Monterey Road.

Prepared By:
Planning Manager
Submitted By:

The five units subject of the extension of time request will be the first phase of a 16-unit affordable housing development. As noted above, the five units were originally allocated for Fiscal Year 2000-01 and Fiscal Year 2001-02. Four prior extensions of the building allocations were granted, the most recent with approval of the project Development Agreement in December 2003. The Development Agreement required the applicant to obtain building permits by August 1, 2004 and to commence construction of the five units by December 30, 2004. According to the attached Letter of Request dated November 17, 2004, South County Housing has faced significant barriers in meeting this stipulation and is requesting an extension to the construction commencement date. Staff would normally process the extension as an amendment to the Development Agreement. However, there is insufficient time from receipt of the extension request to complete the legislative process required to amend the Development Agreement prior to the December 30th expiration date for the building allotment. Staff is recommending the City Council consider the extension as an exception of loss of building allocation (ELBA). If approved, staff will follow-up the building allotment extension with an amendment to the Development Agreement.

South County has recorded the project's Final Map and completed building permit plan checks. According to the attached letter, the delay in commencement of construction is due to extended processing of the subdivision improvement plans and delays with the issuance of the project's Subdivision Improvement Bond by the surety company, which delayed the recording of the Final Map. The applicant is requesting an extension of the building allocation to February 28, 2005. Because of likely delays due to winter rains, a 120 day extension to April 30, 2005 would be advisable should the extension be granted.

Under Section 18.78.125.G of the Municipal Code, the City Council may grant an ELBA if it finds that the cause for the lack of commencement was the City's failure to grant a building permit for the project due to extended delays in environmental reviews, permit delays not the result of developer inaction, or allocation appeals processing. The applicant's Letter of Request is attached for consideration. Adoption of the attached Resolution is recommended should the Council wish to approve the ELBA request.

FISCAL IMPACT: No budget adjustment required.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN EXCEPTION TO LOSS OF BUILDING ALLOCATION AND FOUR (4) MONTH EXTENSION OF TIME FOR MICRO MEASURE P APPLICATION MP-00-03: McLAUGHLIN-JONES (APNs 726-24-006 & -007)

WHEREAS, the Planning Commission pursuant to Chapter 18.78.125 of the Morgan Hill Municipal Code, awarded one building allotment for application MP-00-03: McLaughlin - Jones for Fiscal Year 2000-2001 and four building allotments for Fiscal Year 2001-02; and

WHEREAS, pursuant to Section 18.78.150 of the Municipal Code, proposed residential developments must proceed according to an approved development schedule; and

WHEREAS, pursuant to Subsection B of Section 18.78.150, failure to comply with the development schedule may result in loss of building allocation; and

WHEREAS, under Section 18.78.125.G of the Municipal Code, the City Council may grant an Exception to Loss of Building Allocation (ELBA) if it finds that the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140, or extended delays in environmental reviews, permit delays not the result of developer inaction, or allocation appeals processing; and

WHEREAS, on June 6, 2001, the Council approved a one-year extension of time to commence construction for the one FY 2000-01 building allotment from June 30, 2001 to June 30, 2002 due to delays not the result of developer inaction. The applicant made good faith efforts to complete the project through the placement of public improvements within McLaughlin Avenue. On June 19, 2002, the Council approved a one-year extension of time that extended the deadline to commence construction of the one FY 2000-01 allotment and four FY 2001-2002 allotments from June 30, 2002 to June 30, 2003 due to delays not the result of developer inaction; and

WHEREAS, on June 18, 2003, the applicant requested an Exception to Loss of Building Allocation of one year, the Council made findings due to the processing of the appeal for the subdivision and staff processing time, the delays were not the result of developer inaction and allowed for an Exception to Loss of Building Allocation allowing a six month extension of time for all five Measure P allotments to December 30, 2003; and

WHEREAS, on December 17, 2003, the City Council approved a one year extension of the project building allotment to December 30, 2004 as part of the approval of a Development Agreement; and

WHEREAS, such request was considered by the City Council at their regular meeting of December 15, 2004, at which time the City Council approved application EOT-04-08: McLaughlin – South County Housing; and

City of Morgan Hill
Resolution No.
Page 2

WHEREAS, testimony received at the public meeting, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

- **SECTION 1.** The approved Micro Measure P project is consistent with the Zoning Ordinance and the General Plan.
- **SECTION 2.** The City Council finds that the delay in commencement of construction is due to extended city processing of the subdivision improvement plans, including changes requested by the City to include a new sewer main, and changes to street names after preliminary approval of the Final Map was received. Delays with the issuance of the Project's Subdivision Bond by the surety company also delayed recording of the Final Map.
- SECTION 3. Pursuant to Section 18.78.125.G of the Morgan Hill Municipal Code, the City Council hereby grants a four-month exception to loss of building allocation for five Measure P units awarded to application MP-00-03: McLaughlin Jones (South County Housing). The four-month exception to loss of building allocation extends the deadline to commence construction of the five Measure P units from December 30, 2004 to April 30, 2005.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th Day of December, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

EXECUTIFICATION

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on December 15, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



Glenrock

CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

DEVELOPMENT AGREEMENT AMENDMENT, DAA: 04-01: Tilton-

RECOMMENDED ACTION(S):

Open/close Public Hearing Waive the First and Second Reading of Ordinance Introduce Ordinance

EXECUTIVE SUMMARY: The applicant is requesting an amendment to an approved development agreement for phase 6 (24 lots) of the Capriano development located on the south side of Tilton Ave. between Hale Ave. and the railroad tracks.

Agenda Item # 24
Prepared By:
Senior Planner
Approved By:
Planning Manager
Submitted By:
City Managar
City Manager

The Capriano project has applied for an additional (15) allocations from the on-going project set-aside. To be eligible as an on-going development, the earlier phases of an on-going development must be in compliance with the development schedule for earlier phases and must have completed a phase.

The Capriano project has five phases completed, but is not currently in compliance with the phase 6 development agreement schedule (exhibit B). The applicant is requesting a one-year extension of the project's "Development Schedule". A copy of the applicant's letter of request is attached.

The applicant has requested a one-year extension of the "Obtain Building Permits" date. A one-year extension of the September 30th date would be three months beyond the June 30, 2005 "Commence Construction" date and would require an exception to the loss of building allocation.

In the letter, the applicant indicates that his final map approval has been delayed for 4 month due to Public Works processing and insurance issues relating to the subdivision improvements. To completely cover the entire Public Works processing time, plus 2 months, staff recommends that the "Obtain Building permit" date be adjusted 6 months to March 30, 2005. The March 2005 deadline would give the applicant 3 months to meet the June 30th commencement of construction deadline. The applicant anticipates pulling all 24 building permits within the next 2 to 3 months.

On November 30, the Planning Commission considered the request and voted 4-0 (Engles, Lyle, Weston absent) to approve the development agreement amendment request as recommended by staff. A copy of the Commission's November 30 draft minutes and staff report are attached for the Council's reference.

FISCAL IMPACT: No budget adjustment required.

ORDINANCE NO. , NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1680 NEW SERIES, AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION FOR APPLICATION MP-02-03: TILTON-GLENROCK (APNS 764-9-06, 16, 17, 32 & 33)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Chapter 18.78.125 of the Morgan Hill Municipal Code, awarded 36 building allocations for fiscal year 2004-2005 to that certain project herein after described as follows:

Project Total Dwelling Units MP-02-03: TILTON-GLENROCK 36

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill.

These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to is amended by this ordinance and shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

<u>SECTION 5.</u> The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

City of Morgan I Ordinance No.					
Page 2					
any situation	SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.				
the date of its		edinance shall take effect thirty (30) days after directed to publish this ordinance pursuant to			
approves an a		PMENT SCHEDULE. The Council hereby edule for phase 6 of the Capriano project, as prated herein.			
City of Morga meeting of sa	n Hill held on the 15 th Day of Decem	the regular meeting of the City Council of the aber 2004, and was finally adopted at a regular ry 2005, and said ordinance was duly passed ng vote:			
AYES:	COUNCIL MEMBERS:				
NOES: ABSTAIN:	COUNCIL MEMBERS: COUNCIL MEMBERS:				
ABSENT:	COUNCIL MEMBERS:				
ATTEST:		APPROVED:			
Irma Torrez,	City Clerk	Dennis Kennedy, Mayor			
	∞ CERTIFICATE OF T	HE CITY CLERK 08			

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No., New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 19th Day of January 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk

Development Agreement Amendment DAA 04-01: Tilton-Glenrock

REVISED EXHIBIT "B"

DEVELOPMENT SCHEDULE MP-02-03: Tilton-Glenrock

FY 2004-05 24 allocations

r i 2004-03 24 anocadons			
Ī.	SUBDIVISION AND ZONING APPLICATIONS Applications Filed:	01-16-04	
II.	SITE REVIEW APPLICATION Application Filed:	01-16-04	
III.	FINAL MAP SUBMITTAL Map, Improvements Agreement and Bonds:	07-30-04	
IV.	BUILDING PERMIT SUBMITTAL Submit plans to Building Division for plan check: FY 2004-05 (24 units)	08-15-04	
V.	BUILDING PERMITS Obtain Building Permits: FY 2004-05 (24 units)	09-30-04 03-30-05	
	Commence Construction: FY 2004-05 (24 units)	06-30-05	

Failure to obtain building permits and commence construction by the dates listed above, shall result in the loss of building allocations. Submitting a Final Map Application or a Building Permit six (6) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 12 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2004

ZA-04-18/DA-04-07: MONTEREY – SO. COUNTY HOUSING

RECOMMENDED ACTION(S):

- 1. Open/close Public Hearing
- 2. Waive the First and Second Reading of Zoning Amendment Ordinance
- 3. Introduce Zoning Amendment Ordinance
- 4. Waive the First and Second Reading of Development Agreement Ordinance
- 5. Introduce Development Agreement Ordinance

EXECUTIVE SUMMARY: The applicant is requesting to amend the zoning designation for a 4.8-acre area from R2(3,500) and CG, General Commercial to R3/Residential Planned Development (RPD); create a precise development plan; and adopt a development agreement for an affordable housing project. The

Agenda Item # 25
Prepared By:
Associate Planner
Approved By:
Planning Manager
Submitted By:
City Manager

relocation and modification of an existing motor court is also proposed. The subject site is located between Monterey Rd and Del Monte Ave, north of Wright Ave. The project consists of 67 units (54 apartments, one manager's unit, and 12 townhomes). The 12 townhomes and manager's unit are replacement units, and therefore, not subject to the Residential Development Control System. The balance of the project received allotments in April 2004 under the Affordable Housing Measure P competition. The project was awarded 56 allotments for FY 2005-06. Given 13 of the overall 67-unit project are replacement units, only 54 of the 56 awarded Measure P allotments are needed for this project.

The project site is currently zoned R2(3,500) and CG, General Commercial. The applicant is requesting approval to amend the zoning to R3 consistent with the current General Plan designation; adopt an RPD overlay district; and create a precise development plan for the site. (The attached Commission staff report incorrectly identifies the current zoning as R3. This correction was noted during the Commission meeting and corrected in the Council meeting public notice). The purpose of the RPD overlay district is to permit and encourage flexibility of site planning, including relaxation of development standards, when the proposed development will enhance the area through various measures including the construction and reservation of housing units for lower income households. The project will provide 64 affordable housing units in the City. In exchange for the affordable housing, the applicant is requesting approval for relaxation of development standards including increased building heights, reduced setbacks and lot sizes, and a reduction in required parking through the incorporation of 'reserve parking' areas on-site (please refer to the attached ordinance for a detailed list).

The applicant is also requesting approval of a project development agreement. Development agreements formalize the commitments made during the Measure P process and establish the development schedule for the project. The project specific commitments are identified in Paragraph 14 of the development agreement, and the development schedule is contained in Exhibit B.

The Commission reviewed the applicant's request at the November 30 meeting, and recommended approval of the zoning amendment and development agreement with the following changes: 1) reserve parking shall only apply to 18 spaces, 2) project residents shall sign a disclosure statement acknowledging the reserve parking, 3) the parking utilization study shall be conducted during the school year and take into account the impacts on adjacent projects, and 4) a section shall be added to the development agreement ordinance stating the applicant has relinquished the two unused building allotments. A copy of the Commission staff report and draft minutes are attached for the Council's reference.

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing these applications.

ORDINANCE NO., NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO THE ZONING DESIGNATION OF A 4.8-ACRE AREA FROM R2(3,500) AND CG, GENERAL COMMERCIAL, TO R3/RESIDENTIAL PLANNED DEVELOPMENT (RPD) AND ADOPTING A PRECISE DEVELOPMENT PLAN FOR A 67-UNIT MULTI-FAMILY PROJECT LOCATED BETWEEN MONTEREY ROAD AND DEL MONTE AVENUE, NORTH OF WRIGHT AVENUE (APNs 764-12-008, -009, -018, & -019)/(ZA-04-18: MONTEREY – SOUTH COUNTY HOUSING)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

- **SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- **SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- SECTION 3. An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of the California Environmental Quality Act. A mitigated Negative Declaration was filed with the associated general plan amendment application.
- **SECTION 4.** The City Council finds that the proposed RPD Overlay District is consistent with the criteria specified in Chapter 18.18 of the Morgan Hill Municipal Code.
- SECTION 5. The City Council hereby approves a precise development plan as contained in that certain series of documents date stamped November 16, 2004, on file in the Community Development Department, entitled "Royal Court" prepared by RJA & Associates. These documents, as amended by site and architectural review, show the location and sizes of all lots in this development and the location and dimensions of all proposed buildings, vehicle and pedestrian circulation ways, recreational amenities, parking areas, landscape areas and any other purposeful uses on the project.
- **SECTION 6.** Approval of the Royal Court RPD and precise development plan shall allow the deviations identified in the list of Approved Deviations attached hereto as Exhibit "A", and by this reference incorporated herein. Standards not specifically called out shall comply with the site development standards of the R3 zoning district.

- SECTION 7. The 12 townhomes proposed along the Del Monte Avenue project frontage may be constructed as modified setback dwellings. All modified setback dwellings shall be subject to compliance with Ordinance No. 1641, N.S. and Ordinance No. 1700, N.S.
- SECTION 8. Of the 137 parking spaces designated on the precise development plan, a minimum of 119 spaces shall be installed with construction of the 54 apartment units. The remaining 18 'reserve parking' spaces shall be provided when determined to be needed by the City as set forth in Sections 9 through 11.
- **SECTION 9.** Within six to 12 months of full occupancy of the 54 apartment units, the City shall conduct a parking utilization study during the school year to determine if the 18 reserve parking spaces are needed. Subsequent reviews shall be conducted on an annual basis thereafter.
- **SECTION 10.** As part of the parking utilization study, the applicant shall conduct a survey of current residents to determine the number of registered vehicles per unit (operative and non-operative) and the average number of guests per unit on any given day. The City shall also conduct general observations of on-street parking levels within the immediate project vicinity, review Police Report Logs for parking related-incidences, and consult with adjacent neighborhoods to identify potential parking impacts on their neighborhood.
- **SECTION 11.** Upon determination by the City that the reserve parking spaces are needed, the applicant shall install the 18 spaces in accordance with the approved plans.
- SECTION 12. Upon signing a lease/rental agreement or purchasing a unit within the Royal Court project, all tenants shall sign a disclosure statement acknowledging that the 18-space reserve parking area may be converted from open space to a parking lot in the future, at the full discretion of the City of Morgan Hill.
- **SECTION 13.** With the exception of the deviations allowed under Sections 6 through 11 of this Resolution, buildout of the Royal Court project shall comply with the site development standards of the R3 zoning district and the provisions of the Morgan Hill Municipal Code.
- **SECTION 14.** Future building additions are prohibited in any yard (front, rear, side) for which a reduced setback was approved by this RPD, unless the additions comply with the site development standards of the R3 zoning district.
- **SECTION 15.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. Page 3

SECTION16. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 15th Day of December 2004, and was finally adopted at a regular meeting of said Council on the 19th Day of January 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSTAIN: ABSENT:			
ATTEST:		APPROVED:	
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor	
	∞ <u>CERTIFICATE O</u>	F THE CITY CLERK 08	
CALIFORN, New Series	RMA TORREZ, CITY CLEINA, do hereby certify that the form, adopted by the City Council of on the 19 th Day of January 2005.	egoing is a true and correct copy	of Ordinance No
WIT	NESS MY HAND AND THE SE	CAL OF THE CITY OF MORG	SAN HILL.
DATE:		TOWA TORDEZ C'' C'	
		IRMA TORREZ, City Cl	erk

EXHIBIT A APPROVED DEVIATIONS

- 1. Buildings 1, 2, and 3 of the precise development plan may be constructed at three stories, up to a maximum height of 36 feet.
- 2. Setbacks for the apartment buildings shall be as follows:

	Front	Rear	Left Side	Right Side
Building 1		13.5 ft (as measured from north property line)		
Building 2		11 ft (as measured from north property line)		
Building 3		8.5 ft (as measured from east property line)		
Building 4	(measured from Monterey Rd)			
Motor Court	(measured from Monterey Rd)			

3. Setbacks for the townhomes shall be as follows:

Front (as measured from Del Monte): 19 ft for Lots 1 through 8

9 ft for Lots 9 through 12

Rear: 6 ft minimum

Sides: 1 ft minimum and 3 ft minimum on either

side; both side yards combined shall not be

less than four feet

4. The minimum lot size allowed for any of the 12 townhomes is 2,378 sf.

ORDINANCE NO., NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-04-02: MONTEREY – SOUTH COUNTY HOUSING (ROYAL COURT) (APNs 764-12-008, -009, -018, & -019)/(DA-04-07: MONTEREY – SOUTH COUNTY HOUSING)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 04-41, adopted April 13, 2004, has awarded allotments to a certain project herein after described as follows:

Project
MP-04-02: Monterey – South County Housing
(Royal Court)

Total Dwelling Units
56 units (Fiscal Year 2005-06)

SECTION 4. Since April 2004, the applicant has scaled back the size of the project whereby only 54 of the 56 awarded Measure P building allotments are needed for the Royal Court project.

SECTION 5. The applicant has relinquished the two surplus building allotments to be redistributed to other qualified Measure P projects as determined by the Planning Commission.

SECTION 6. With the relinquishment of the two surplus building allotments, only 54 Measure P building allotments are subject to compliance with the provisions of the project development agreement.

SECTION 7. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill.

These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

City of Morgan Hill Ordinance No. Page 2

SECTION 8. The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 9. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 10. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 11. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 15th Day of December 2004, and was finally adopted at a regular meeting of said Council on the 19th Day of January 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:		
NOES:	COUNCIL MEMBERS:		
ABSTAIN:	COUNCIL MEMBERS:		
ABSENT:	COUNCIL MEMBERS:		
ATTEST:		APPROVED:	
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor	
	∞ <u>CERTIFICAT</u>	E OF THE CITY CLERK &	
CALIFORN , New Series	IIA, do hereby certify that the	LERK OF THE CITY OF MORGAN HI foregoing is a true and correct copy of Ordinance of the City of Morgan Hill, California at their reg 05.	No.
WIT	NESS MY HAND AND THI	E SEAL OF THE CITY OF MORGAN HILL.	
DATE:			
		IRMA TORREZ, City Clerk	



REDEVELOPMENT AGENCY

MEETING DATE: December 15, 2004

Prepared By:

Agenda Item # 26

BAHS Manager

Approved By:

BAHS Director

Submitted By:

Executive Director

FIVE YEAR IMPLEMENTATION PLAN (2004-2009)

RECOMMENDED ACTION(S):

- 1) Conduct a Public Hearing; and
- 2) Adopt a Resolution Which Adopts the City of Morgan Hill Redevelopment Agency Implementation Plan (2004-2009)

EXECUTIVE SUMMARY:

Under California Community Redevelopment Law (CCRL), Health and Safety Code Section 33000, et seq., redevelopment agencies were required to adopt a five-year implementation plan on or before December 31, 1994 and

subsequently, every five years after the adoption of the initial plan. In November 1994, the Morgan Hill Redevelopment Agency (Agency) adopted its first implementation plan. The plan was amended in October 1996. In December 1999, the Agency approved its second implementation plan covering the period from January 1, 2000 to December 31, 2004. This new implementation plan will be the Agency's third.

Implementation plans must contain the following information: 1) specific goals and objectives of the Agency for the Project Area; 2) the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years; and 3) an explanation of how the goals and objectives, programs and expenditures will eliminate blight within the Projects Area and implement the Agency's housing requirements. The new plan is divided into sections to address these requirements.

The Agency has accomplished a lot in the last five years. Highlights include completion of the Morgan Hill Community and Cultural Center, the Morgan Hill Community Playhouse, and the Morgan Hill Aquatics Center; completion of Butterfield Boulevard from Cochrane Road to Tennant Avenue; the relocation and historic restoration of the old Morgan Hill Elementary School; Village Avante, Villa Ciolino, and the Murphy Ranch affordable housing projects; formation of the Morgan Hill Downtown Association; updating the Downtown Plan; the attraction of Harley Davidson, the Ford Store, Media Arts Group, and Alien Technology to Morgan Hill, and assisting with the expansion of Johnson Lumber.

Project and program highlights over the next five years include: development of a new Library, Indoor Recreation Center, and Soccer Complex; completion of the Tennant Avenue widening project, implementation of the Downtown Plan, completion of the Downtown RFP process and implementation of selected projects; and the development of the Royal Court affordable housing project. Since it is anticipated that the Agency will reach its fiscal cap in FY07-08, Agency activities are expected to "wind-down" and expenditures cease in FY09-10.

FISCAL IMPACT: Not applicable

Attachment

RESOLUTION NO.

A RESOLUTION OF THE MORGAN HILL REDEVELOPMENT AGENCY ADOPTING AN IMPLEMENTATION PLAN FOR THE OJO DE AGUA COMMUNITY DEVELOPMENT PROJECT (2004-2009)

THE MORGAN HILL REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

SECTION 1. Health and Safety Code Section 33490 requires that each redevelopment agency that has adopted a redevelopment plan prior to December 31, 1993, adopt, after a public hearing, an implementation plan on or before December 31, 1994 and each five years thereafter, containing the specific goals and objectives of the agency for the project area, the specific programs (including potential projects), and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs and expenditures will eliminate blight within the project area and implement the low and moderate income housing requirements of the Community Redevelopment Law (Health and Safety Code Section 33000, et seq.).

<u>Section 2</u>. The Agency adopted an initial implementation plan for the Ojo de Agua Community Development Project (the "Project Area") on December 22, 1994, as amended on October 2, 1996, which implementation plan is on file in the office of the Business Assistance and Housing Services Department.

<u>Section 3</u>. The Agency adopted its second implementation plan for the Project Area on December 15, 1999, which implementation plan is on file in the office of the Business Assistance and Housing Services Department.

<u>Section 4</u>. The Agency has prepared a new implementation plan for the Project Area, attached hereto as Exhibit A and incorporated herein by reference (the "Implementation Plan"), in accordance with the requirements of Health and Safety Code Section 33490.

<u>Section 4.</u> On December 15, 2004, the Agency held a duly noticed public hearing on the proposed adoption of the Implementation Plan at which time all persons desiring to comment on or ask questions concerning the Implementation Plan were given the opportunity to do so. Prior to the public hearing on the Implementation Plan, copies of the Implementation Plan were available for public inspection in the office of the Business Assistance and Housing Services Department.

<u>Section 5</u>. The Agency has reviewed and considered all written and oral comments, questions and concerns regarding the Implementation Plan received prior to and at the public hearing on the Implementation Plan.

City of Morgan Hill Redevelopment Agency Resolution No. MHRA – Page 2

<u>Section 6</u>. The Agency hereby adopts the Implementation Plan as the implementation plan for the Project Area pursuant to the requirements of Health and Safety Code Section 33490.

<u>Section 7</u>. The Implementation Plan may be amended from time to time after a public hearing on the proposed amendment.

<u>Section 8</u>. Adoption of the Implementation Plan does not constitute an approval of any specific program, project or expenditure and does not constitute a project within the meaning of Section 21000 of the Public Resources Code.

<u>Section 9</u>. The Agency hereby directs that the Implementation Plan remain on file in the office of the Business Assistance and Housing Services Department and be open to public inspection.

PASSED AND ADOPTED by the Morgan Hill Redevelopment Agency at a Special Meeting held on the 15th Day of December, 2004 by the following vote:

AYES: AGENCY MEMBERS: NOES: AGENCY MEMBERS: ABSTAIN: AGENCY MEMBERS: AGENCY MEMBERS: AGENCY MEMBERS:

EXECUTION CS

I, **IRMA TORREZ, AGENCY SECRETARY**, do hereby certify that the foregoing is a true and correct copy of Resolution No. MHRA- adopted by the Morgan Hill Redevelopment Agency at a Special Meeting held on December 15, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, AGENCY SECRETARY



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2004

SPORTS COMPLEX CONCEPTUAL MASTER PLAN, PHASE ONE CONCEPTUAL PLAN AND OPERATIONS FUNDING OPTIONS

RECOMMENDED ACTION(S): Approve the master conceptual plan, the phase one plan and program and cost estimates; Direct staff to begin the process for architect proposals for design of phase one plan; Receive report from PRC/Sub-Committee on the analysis of maintenance and operations options;

Agenda Item # 27
Prepared By:

Manager, Recreation & Community Services

Submitted By:

City Manager

Direct staff to develop a request for proposals for private-public operator options with the recommended criteria for City Council consideration; and direct the Parks and Recreation Commission to develop a plan on sponsorships.

EXECUTIVE SUMMARY: On November 16 the Parks and Recreation Commission (PRC) received the Outdoor Sports Complex Sub-Committee report regarding the conceptual master plan, phase one conceptual plan, and maintenance and operations funding alternatives. The Sub-committee made the following recommendations for PRC consideration:

MASTER CONCEPTUAL PLAN OF SPORTS COMPLEX: A. Receive the master conceptual plan of the sports complex for program approval and recommend to City Council for their consideration and approval; B. Review construction estimate of master conceptual plan and recommend to City Council for their consideration and approval in the estimated amount of \$10.65 million. Refer to attachment A.

PHASE ONE CONCEPTUAL PLAN OF THE SPORTS COMPLEX: A. Receive the phase one conceptual plan of the sports complex and recommend to City Council for their consideration and approval; B. Review construction estimate of phase one plan and recommend to City Council for their consideration and approval in the estimated amount of \$2.5 million. Refer to attachment B. Note: Plans still require environmental process, which may require improvements not considered in current budget estimate. As presented, phase one plan is \$100,000 over budget.

FUNDING ANALYSIS OF MAINTENANCE AND OPERATIONS OF THE SPORTS COMPLEX

The following options were considered: A. Non-profit youth sport groups form an alliance or adopt fields; B. Public-Private Partnership; C. Commercial Operator; D. City operated with user fee structure. The PRC recommendation (vote 6:0) to pursue a public-private partnership based on the following requirements: Impact would be no more than two fields currently outlined in the master conceptual plan; Lease payments to cover the maintenance and operations of outside areas; \$2 million in capital contribution; Scheduling and operations of the outside field areas would remain with the city or non-profit youth sport groups; and the Non-profit youth groups would form a formal alliance so they may partner with the City. Please review attached report for complete list of criteria.

<u>Sponsorship proposal</u> had unanimous support and the PRC would like an opportunity to present a report to Council outlining a process for consideration.

FISCAL IMPACT: FY05-06 CIP#115A02 has \$2.45million budgeted. Budget shortfall of \$100,000 will require a budget amendment from redevelopment or general fund reserves, or borrow from the projected Sports Field Impact Fee (AB1600) in future years 06-09; or the project remove that amount in programming which will impact the project's initial viability.



Memorandum Recreation & Community Services

Date: November 30, 2004

To: Ed Tewes, City Manager

From: Julie Spier, Recreation & Community Services Manager

Subject: Outdoor Sports Complex: Master Conceptual Plan, Phase One Program and

Operations & Maintenance Funding Recommendation

At the October 16, 2004 Parks and Recreation Commission (PRC) meeting the conceptual master plan and the phase one plan with cost estimates were presented by Lee Steinmetz, Architect, as recommended by the Sports Complex Sub-Committee. The PRC accepted both recommendations of the Sports Complex Sub-Committee (Sub-Committee) for Council consideration with one exception. The PRC requested that the Sub-Committee review the possible exchange of the sand volleyball courts for more trees in the amount of \$23,000. The Sub-Committee considered this exchange at their follow-up meeting of November 9 and was unanimous that the volleyball courts remain as depicted in the phase one plan. The PRC reconsidered their request and at the November 16 meeting voted 5:1 to keep the volleyball courts in the phase one program.

In accordance with Council direction, the PRC was tasked with providing recommendations regarding maintenance and operations cost recovery plan that does not adversely impact the general fund. It is acknowledged that no funding has been set-aside to operate and maintain, or to subsidize the operations and maintenance of the Sports Complex as it was anticipated that user fees or a funding partnership would be identified to offset these costs. The Sub-Committee met on November 9, 2004 to finalize their recommendation for PRC consideration at their November 16, 2004 meeting.

Background

The Sports Complex located on the site currently known as the Soccer Complex was last brought before the PRC and City Council in January 2002. Beals Sports Consultants were tasked with developing a conceptual plan that encompassed the sports and aquatics sites and provide a phased implementation plan with estimated construction costs for each phase. That information was used as the basis for RDA project funding and resulted in allocations to the aquatics center and the sports complex. For Fiscal Year 05-06 CIP the Sports Complex has \$2.45million budgeted for construction. This project site and recommended scope justification comes from the Parks, Facilities and Recreation Programming Master Plan adopted by the PRC and then City Council in May 2000.

In January 2004 City Council directed the PRC to evaluate the 2002 conceptual plan and develop a proposed program, budget and site plan to recommend to City Council for their consideration. PRC established a sub-committee consisting of the PRC (then) Chair Mark Frederick, Commissioner (current chair) Craig van Keulen, and a call for representatives from each of the

youth sport non-profit organizations in the city. Youth Sport Groups represented was Pony Baseball, Spirit Softball, Pride Softball, Orchard Valley Youth Soccer, Pop Warner Football, U. S. Youth Volleyball Association and the YMCA. The Youth Sports Groups have been meeting as a sub-committee of the Parks and Recreation Commission since early 2004. Their mission was to:

- 1. Recommend a master conceptual design of the sports complex
- 2. Recommend a phase one plan with a budget of \$2.4million and provide viable playing fields.
- 3. Present a plan that covered the costs to maintain and operate the complex without adversely impacting the general fund.

The sub-committee has met monthly since that time and in October presented to the PRC the master site plan and program and a phase one site plan that provides for viable playing fields with youth sport organizations contributing to field development. The Sub-Committee then met in November to complete their recommendation on the operations and maintenance funding of the Sports Complex starting with the phase one plan.

Program Development

The 2002 adopted concept called for multi-use fields. The 2004 Sports Sub-Committee quickly agreed that dedicated field use was desired and became the base upon which the field spaces were allocated. Agreement was made that the first priority was to meet local youth recreational needs and in this effort to complement existing programs and field uses at sites throughout the city including school site uses. It was desired to have a small tournament venue if funding allowed and the maintenance function and support equipment would remain on site. The committee preferred permanent improvements in the phasing plan.

The Site

Sports Complex encompasses 36 acres of the existing "soccer fields" bordered by Condit, Murphy, Barret and San Pedro Avenues. The City purchased the site based on the recommendations of the Parks, Facilities and Recreation Programming master plan of 2000. Use of the fields was contingent upon the CYSA (current leasing agency) finding an alternative site. Meanwhile, the Sobrato/Monterey Highway soccer site is in the planning stages and may provide the home of the future "soccer complex". Council has recently approved leasing the Sports Complex site to CYSA for one more 10-month period ending October 2005.

At the October 16, 2004 meeting of the PRC, the conceptual master plan and phase one plan with cost estimates were presented and accepted with the exception of the volleyball courts (suggestion by PRC to exchange them for trees). The **Master Concept Program** incorporates six soccer fields with one lighted on synthetic turf (football & soccer use); 2 baseball fields (Pony-Colt), Bronco field, batting cages, 3 sand volleyball courts, basketball court, playground, 2 restroom buildings, concession building, refurbished administration building, fabric covered playground, corporation yard, and provides a connection to the Aquatics Center through parking and walkways. At the November PRC meeting it was determined that the volleyball courts would remain. Attachment A.

Total Project estimated cost: \$10.65million

Phase One Plan incorporates six existing soccer fields, concession/restroom building, curb for

volleyball courts, backstops and fencing up to the dugouts base of four softball/baseball fields and one baseball field. Also included in the costs are demolition, grading, irrigation, electrical infrastructure, some off-sites, chip-seal of existing parking lot, soil prep and irrigation, and seeding of outfields. Does not include: infield finish work (infield fines or turf), outfield fencing, bleachers, bases, score booths, lighting, play area, picnic area/"plaza", perimeter fencing, and synthetic turf field. It leaves the well and corporation yard where they exist currently. Some planting of trees and turf areas in the central "plaza" areas between the fields and remaining areas would be in base rock. Assumptions for phase one include use of water cannons for irrigation with no inground water system on soccer side; in ground irrigation on ballfield side; grading limit to interior areas; conduit installed for future lighting; paving consists of compacted base rock; and contributions from youth sport teams to complete base project. Attachment B.

Phase One Plan estimated cost: \$2.5million with contingency and soft costs (budget is \$2.4million).

This plan is dependent on the assistance of the local youth sports groups to provide the remaining amenities required to complete the project. Please refer to attachment titled *Value of Phase 1 Sports Groups Contributions*. (Attachment C). Phase one was based on the following criteria: what basic improvements were needed to have a viable project and stay within project budget and what can the leagues contribute? The leagues have been asked to provide a letter of support indicating the amenities they would provide to the project according to the phase one plan.

Note: Phase I still requires an environmental process, which may require improvements not considered in current budget estimate.

Alternatives to Maintenance and Operations Plan

At the City Council Meeting of March 17, 2004 Council provided direction to the PRC that they should consider as an option commercial recreation operators at the sports complex as one of their operations funding models. There were four models explored by the Sub-Committee in regards to the operations and maintenance options:

- A. City maintain and operate and charge a users fee
- B. Non-profit groups form an alliance and lease the complex from the city
- C. Public-Private partnership
- D. Privately operated

At the September 21, 2004 meeting of the PRC information on possible private-public operators were presented for consideration. The item was taken under consideration at that time until the Sub-committee provided their recommended option for funding operations to the PRC.

City Maintain and Operate and Charge Users Fee- Option A.

The city would contract out the maintenance and operations cost of the facility and would control the scheduling and community use with city staff. The assumption is there would be a part-time coordinator and a full-time custodian/facilities person to assist in operating and maintaining the complex.

Once the concept plan and cost estimate for construction were agreed upon by the Subcommittee, Deputy Director of Public Works/Operations, Mori Struve, created an estimate of cost for Annual Operations and Maintenance. He based the estimate on a contract services approach including costs for mowing and related expenses, actual expenses for utilities as experienced by CYSA Soccer, and an estimate of staff time needed to oversee the programming of the complex. (Attachments D and E). These costs were combined then converted into a maintenance cost of \$11.30 per hour per ball field. This hourly rate was then discussed with the subcommittee. Projections of their needs for hourly use of the ball fields and the estimated hourly maintenance rate were used to determine an estimated fee for field use. The representatives of each youth sports group were asked to discuss the estimated fee with their respective organizations and determine if it was still feasible for them to operate their program at this complex.

The estimated cost breakdown is as follows:

Contract Maintenance Cost
: Turf maintenance, water cannons, restrooms, parking lot, general facilities maintenance

Utilities:

Annually: \$169,191 Monthly: \$14,099

: Turf maintenance, water cannons, restrooms, parking lot, general facilities maintenance

Utilities:

Annually: \$40,000 Monthly: \$3,333

Staff Cost: coordinator \$30/hr. x 20 hrs./wk = \$600 custodian \$15/hr. x 20 hrs./wk = \$315 overhead: 35% x

\$915 = \$1235/wk x 52 weeks

Total Cost: \$273,424/annually

Divided by 24 acres = \$11,392/acre/year
Divided by 2016 hours (252 days x 8hrs.) = \$5.65/hr/acre

*Times 2 acres for each sport field = \$11.30/sport field/hr.

City maintenance assumptions:

- 1. Ball field users take care of infields; Soccer replace nets; volleyball take care of sand
- 2. 2 acres per ball field
- 3. Custodian is responsible for building and restroom areas, playground area, and basketball court and batting cages areas; equipment maintenance not included
- 4. City contracts for maintenance
- 5. City schedules field use
- 6. City charges user fees for cost recovery

In comparison, the MHUSD fees have increased to \$1.50/day for field use beginning July 1. The

^{*}The city-operated model does not take into consideration fee generation from tournament play, adult league play, community use, or special events, which could generate revenue to offset the sport field cost/hr. These factors could reduce the hourly rate of the fields to non-profit youth organizations.

City currently charges only a \$17 processing fee for seasonal use of sport fields which may include all uses over a four month period. The cost to the City to maintain Community Park Ball fields is \$12.20/hr/ballfield with no infield maintenance and \$11.80 for lighting.

The groups were very concerned whether they could commit to the proposed fees and what impact that would have on their program fees and participation numbers. The organizations have experienced minimal or free access to community fields for many years and this is a budgetary shift in their process of providing affordable sport play to the youth of the community. This "pay as you play" option may look like: Pony Baseball charges \$100/child/season. Ask for a \$1 per game may result in \$25 for the field and represent \$20 added to registration fees. At \$20 per child times 600 participants would bring in only \$12,000. This may deter some organizations from using the fields and encourage staying at their present site (school district fields).

Non-profit Groups form an Alliance & Lease the Complex from the City-Option B

The non-profit youth sport groups are interested in forming an alliance for future sports purposes, possible collaborations, and sharing of resources but this concept is in its infancy. There is discussion to begin exploring this concept between the groups in a combined partnership format with the city and a private partner. This concept may be formed over the next few months and will require reporting back to the PRC and Council for further discussion in regards to the details of a combined option of Private-Public-Nonprofit partnership model.

The youth sport organizations were asked to provide an estimate of the number of hours they would require at the complex. Their response:

Pony Baseball 3,664 hours

YMCA 100 hours

OVYSL 4,686 hours

Public-Private Partnership- Option C

The Coliseum is one example of a possible public-private partnership. (Attachment F). Their indoor sports portfolio will consist of the following amenities:

- Phase I—Soccer, volleyball, basketball, and performance training center
- Local, regional and national tournaments
- Center of Excellence drives higher performance levels
- Phase II—Rock climbing, Inline hockey, bocce ball, skate park, lacrosse
- Restaurant, sports bar and retail Pro-Shop

Doug Payne, of the Coliseum Group, presented this proposal of a private-public partnership along with his team members. At the September 21 meeting of the PRC, Doug Payne of The Coliseum Group presented five partnership scenarios. Scenario A resembled a privately operated partnership with The Coliseum providing capital dollars of \$2M if they were allowed to lease/operate the entire facility. The preferred scenario by The Coliseum Group was plan A which represents:

Plan A would provide \$2million in additional capital by the Coliseum Group and provide

a land-lease that may cover the operations and maintenance of the outdoor sport fields and common areas with The Coliseum having joint control or access to the outdoor spaces for programming.

The concept includes an 110,000 sq. ft. building footprint with phase one at 75,000sq. ft. Parking would be shared. There is an annual fee of \$125/year or a drop-in fee of \$10 to participate in this facility. In comparison, the City's Indoor Recreation Center (IRC) operating plan recommends for daily resident admissions: youth \$3; Adult \$5; senior \$3 and for resident annual passes: Youth \$200, Adult \$480, Senior \$299, and Family \$620. George Riley of The Coliseum Group indicated that they would negotiate percentage of gross return as well as ground-lease based on thresholds and raises. Mr. Payne commented that this facility would not compete with the IRC but rather complement as their facility would have premier fitness equipment and sit-down restaurant capabilities and are targeting a different clientele.

Mr. Payne explained under Plan A that they would build a project of \$9-\$10 million and contribute \$2million more capital to the outdoor area. Weekend use would be youth tournament/league play and weekday use would be adult play. There is only seed capital available right now. It would take 12-15 months to construct their project after funding achieved. Commissioners asked about the impact of a building footprint of 110,000 sq. ft., which Mr. Payne replied is approximately 2.5 acres. Mr. Payne did acknowledge this is the group's first venture.

Plan A was updated and presented again to the PRC on November 16. The table represents the combined items discussed.

	Outdoor	Outdoor	Indoor	Key Items
	Construction	Operations		
Plan A	City/Coliseum	City/Coliseum	Coliseum	Revenue strategy Construction underwriting
Ground lease payments			\$55K-\$65K	Lease payments vs. outdoor revenue balance
Capital	\$2M + \$2.4M City		\$9M	Operating cash flow Construction Underwriting

A conceptual drawing by the project architect of the impact of the building footprint is presented as attachment G. One of the requirements from the Coliseum Group was the building footprint be adjacent to the main parking lot.

Plan B was presented as a ground lease only for the building footprint of 110,000 sq. ft. Mr. Payne indicated a combination of the options may be considered as long as their financial plan works in order to develop a more public-private model.

As the discussion and tables evolved there may be some misinterpretation of the material presented. The Youth Sports Groups are requesting capital dollars to expand phase one as well as lease payments that cover a majority of the monthly maintenance costs as conditions for partnership. It was not made clear to the groups that The Coliseum Group was requesting control of the outdoor spaces if capital dollars and lease payments are both required; nor whether the business plan of any private partner would be able to financially support both criteria and still have a financially viable project.

Privately Operated

The example of a privately operated facility would be in the form of Big League Dreams. Videos and materials were shared with the sub-committee and the PRC but the concerns of access, schedule control, and fees appear to be hurdles without more information. Big League Dreams is a commercial enterprise that develops sport projects depicting replicas of famous major league stadiums with amenities including restaurant and bar facilities. They are a business that must generate a return on investment through field rentals, concessions, tournaments, and restaurant and bar service.

Big League Dreams Consulting Vice President Don Webber met with Mayor Dennis Kennedy, James Neet of Pony Baseball, and Recreation & Community Services Manager Julie Spier on November 9 and provided the following information. There are four Big League Dreams parks open now with a total of 14 projects in different phases of development. Business deal points to be negotiated and is different with each city but may include some capital investment and/or rental revenue stream. Initial return on investment may be \$200,000/year. They do require the communities to provide the land and require complete build-out of the project. They prefer to become involved in the planning and design stage as there are some design requirements to meet their needs.

Big League Dreams has completed a demographic and market study and find the area favorable to this type of project. In working with communities they develop a priority system of access according to community desires: typically first are local youth leagues, and second are local adult leagues. Entrance fee is \$1 for children playing a game, which provides them a drink token and adults pay a \$2 entrance fee. They don't charge if no program is occurring and practice fields are available for free.

Mr. Webber indicated that the current master plan works with some modifications as: everything has to be lighted; will need to change out the bronco field; fields to be multi-use so baseball would have no grass infield and require 6300 sq. ft. concession building for every three-field configuration.

There are three issues that concern communities from Mr. Webber's point of view:

- 1. The selling of alcohol at the complex
- 2. Charge token fee
- 3. Dirt infields

Big League Dreams is very interested in responding to a request for proposal.

This information was shared with the Sub-Committee who unanimously stated they were not interested in a privately operated venture at their meeting of November 9.

Historically

In 2000 the Morgan Hill Youth Sports Association had been approached by Quantum Sports Parks to develop a joint project using City/RDA funds to develop a privately operated sports facility with a regional draw. The project at the time did not develop support due to the cost to community members to use the facility; city/RDA would bear the costs of land (minimum 36 acres) and site improvements; and the Quantum Sports Group would find investors for the project construction. The site in question was Malaguera off Cochrane. There appears to be a consensus on the financial viability of a regional sport park. An issue requiring further exploration is what the right mix of community is, local use and regional financial draw for the Morgan Hill community?

The concept of public-private partnership has been explored with every public project that has come before Council in the recent past. An analysis was completed for the Aquatics Center and Council determined that the option of a city operated facility was preferred based on several factors: controlling the operating schedules, community access, and controlling rates. The Subcommittee also expressed that they are not interested in a privately operated sports complex, but prefer a facility that has components of both (public and private).

Sponsorship Proposal

Mr. Gary Winzeler of the Pony Baseball Organization submitted a draft proposal to the Sub-Committee for their consideration in regards to obtaining sponsorships for the on-going maintenance and operations of the facility. Please refer to attachment H. Two members from the Sub-Committee, Don Mott and Rich Phillips, both volunteered to assist Mr. Winzeler with this project if direction to proceed is provided by the PRC and Council. The proposal is attached and titled "Morgan *Hill Sports Complex Sponsorship Proposal*". All Sub-committee members supported the proposal and recommend that the PRC and Council consider it. It is a display of the commitment that the youth organizations are willing to put forward in support of the complex.

Recommendation

The Sub-Committee met on October 13 and on November 9, 2004 and by consensus developed this recommendation:

While the revised Sports Complex Master Plan is the preferred plan to meet the needs of the community and youth sports leagues as a public facility, the overall capital construction costs and annual operations and maintenance costs may not be realistically attainable without City subsidy. The non-profit youth sports groups based the recommendations on their consideration of the proposed maintenance and operations costs and not having the resources to commit to meet the revenue targets needed in order to sustain the operations of the project on their own. Therefore, a public/private partnership is recommended at the Sports Complex with the following conditions:

PROPOSED CONDITIONS

- 1. The recommended Sports Complex Master Plan should be used as a starting point and design program for the public features of the site. Private features should be incorporated into the master plan with as minimal impact as possible on the total number of fields available for public use. Some field loss is inevitable in order to incorporate the private features, but no more than two fields, and preferably only one field, should be lost. The field with lowest priority is the Colt field. With the elimination of the Colt field, to make room for the additional required square footage it is recommended to minimize the size of the corporation yard and the playground area and to relocate within the site if needed. It is still desired to have five ball playing fields.
- 2. The Youth Sports subcommittee and PRC should review and make recommendations
- to Council on the proposed modifications to the Master Plan as a result of incorporating a private facility into the site plan, which may include an expanded phase one program.
- **3.** All of the long-term operations and maintenance costs associated with the public site features should be paid for by the private operator, either through direct maintenance managed by the operator or through lease revenue paid to the City.
- **4.** A contribution of \$2million to the capital costs of the public site features should be made by the private operator to expand phase one plan but may be contributed over time.
- **5.** The City and youth sports leagues should retain control of the use and scheduling of the public site features either by individual groups or as an umbrella organization.
- **6.** Potential private operators should submit a complete business plan indicating anticipated financing, cost and revenue streams to ensure a viable project.
- 7. Youth Sport Groups to maintain and operate their concession areas.
- **8** Analysis of the possible impact to the Indoor Recreation Center operations and cost recovery goals will be explored.
- **9.** Acknowledge that the location of the commercial building next to parking is key to the project's viability.
- **10.** Non-profit youth organizations may form into a non-profit alliance to sub-lease and/or partner with the City on the outside field areas.

There are some inconsistencies in the conditions listed if we are to examine the preliminary proposal by The Coliseum and Big League Dreams. The Sub-committee was clear in the desire not to pursue privately operated ventures with no public partnership. Big League Dreams is open to discuss contributing capital dollars (\$2M) but they require private operator terms. The Coliseum Group's Plan A provides some capital dollars for the outdoor space (\$2M) and lease payments for the building footprint, but also requires programming access to the outdoor space and requires further discussion on the outdoor concession strategy.

To accept all of the conditions listed above may result in no interest by private vendors as it would make their business goals impossible to attain. Council may want to prioritize the conditions as negotiating factors for discussion once proposals are received. The PRC and Sub-Committee's priorities would be interpreted as:

- A. Complex not completely privately operated
- B. Lease payments to cover operational and maintenance costs of public spaces.
- C. Base program/design plan as presented in this packet
- D. Phase I to proceed with current budget and contributions from the youth sport organizations
- E. \$2M capital to be secondary for further phase I development and may be provided in incremental periods

Summary

The City's interest is two fold on this project: 1. to expand recreational opportunities for the local community and 2. To provide an economic model that will provide the maintenance and operations funding of the complex without impacting the general fund. Note that there is a need to find a balance that will encourage youth league use of the complex while ensuring a cost recovery model. Past projects public-private partnerships and private ventures of public facilities have been explored and Council has preferred a municipal operation due to schedule, access and rate control. However, there is a realization with this project that the youth sports organizations cannot fund the maintenance and operations of this facility alone at the estimated hourly rates and without a funding partner for these ongoing costs the project may not move forward. Phase one plan was based on the following criteria: What basic improvements were needed to maintain a viable project, stay within project budget, and determine level of contributions from youth leagues. The youth leagues have been asked to provide a letter of support in providing resources towards a viable phase one project.

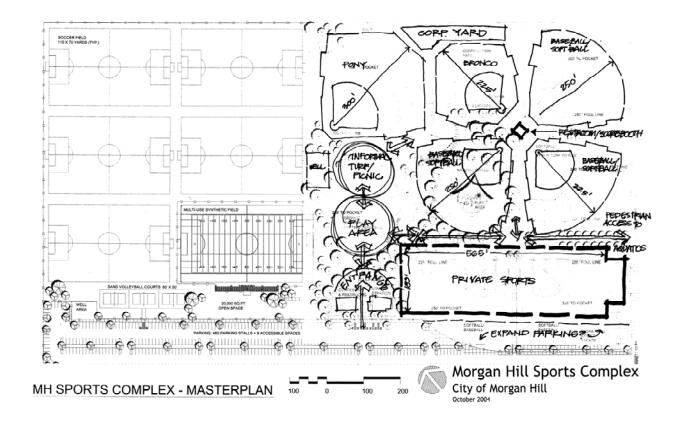
If Council decides to explore the option of a public-private partnership, staff suggests that the conditions adopted by the PRC and Sub-Committee be prioritized so that vendors interested in submitting a proposal may provide some options. The preference of the Sub-Committee and the PRC is to have a complex with a partner who will make lease payments in return for a building footprint that will cover the cost of operating and maintaining the public outside areas. Some of the following evaluative questions may be used in order to assess the public-private options: How does it incorporate the Parks and Recreation master plan? How does it support the vision of the project site? Is it compatible with the city's public goals for expanding recreation opportunities? Does the plan assist in achieving the goals of the outdoor sports complex? How

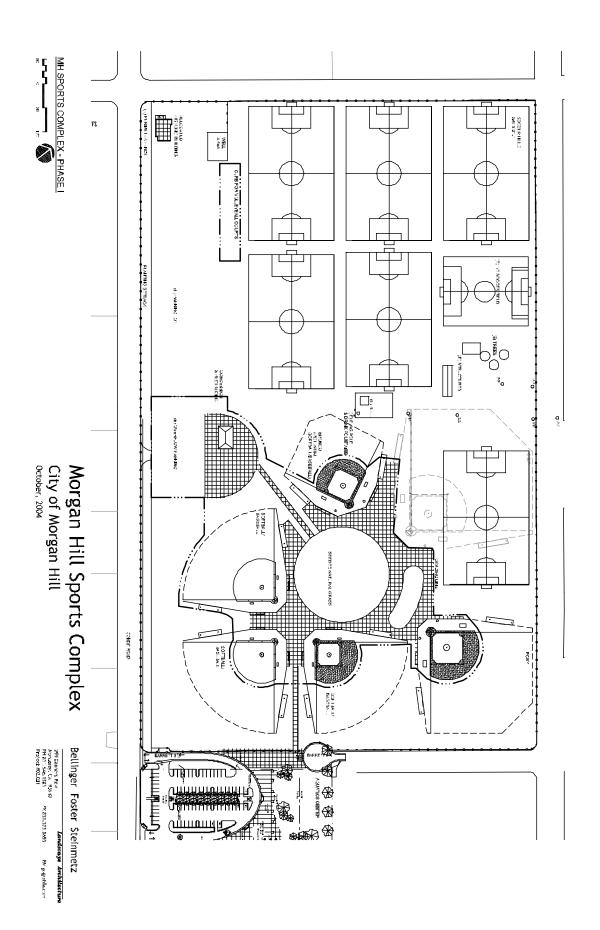
does it impact the city's general fund operating costs? How does it meet community needs? How does it impact the Indoor Recreation Center operating and cost recovery goals? How does it impact the master conceptual site plan? How does it benefit phase one conceptual plan? How does it impact the schedule? What is the ability of vendors to deliver the stated objectives? How does the building footprint impact the program? Enhance the program?

Also, if the public-private partnership route is pursued, the construction cost estimates will need to be reviewed as the total public square footage will be reduced, which will lower some costs. In order to build the Pony field, the existing house/maintenance yard will have to be demolished, which wasn't included in Phase 1. Overall project costs may go down but phase one costs could go up if the Pony Field is included.

At the PRC meeting of November 16, 2004 motion to keep the volleyball program in the phase one plan was approved by a vote of 5:1. PRC voted to recommend to Council to consider a public-private partnership with the public portion operated through a non-profit sports alliance with City oversight incorporating the ten criteria as listed in this report and approved 6:0. Council will need some assurances from the non-profit sport groups that they are moving on the alliance formation and a representative may need to be appointed to spearhead this project. Several community members have expressed interest and staff can bring that information to Council at a following meeting if desired.

PRC asks Council to consider the Sponsorship Concept proposal, provide input and direct the PRC to explore the possibility and develop the idea and implementation plan and bring back to Council for their consideration in the next few months if the conceptual plan is adopted.





Date: October 15, 2004

The City of Morgan Hill Morgan Hill Sports Complex Summary of Cost Estimate

Project Costs

1)	Non-Construction Costs:	_	\$0
2)	Construction Cost: a) On-Site Work (line 131) b) Off-Site Work (line 133) c) Owner Construction Cost Subtotal (line 134)	\$6,513,365 \$1,200,000 \$7,713,365	
		_	\$8,484,701
		_	\$848,470
3)	Project Fees & Contingencies ("Soft Costs"): a) Architectural/Engineering Basic Design Services b) Reimburseable Expenses c) City Staff - Planning/Design/Construction d) Other Fees e) Miscellaneous Costs (permits, testing) f) Escalation Cost	\$721,199.58 \$42,423.50 \$84,847.01 \$60,000.00 \$101,816.41 \$254,541.03	
		_	\$1,264,828
4)	Equipment Cost:	Equipment Total =_	\$50,000
		Project Total =	\$10,647,999

PROJECT COST ESTIMATE Morgan Hill Sports Complex

Date	October 15, 2004	
Prep		MCW
Chk		LF

1)	1) Non-Construction Cost Estimate Items:					
		Quantity	Unit	Unit Cost	Cost	
	Budget Allocation				\$0.00	
17 18	Property Cost Property Acquisition Fees (Survey, Apprasial, Negotiator	0 s	SF or AC	\$0.00	\$0.00	
	Fee, Attorney Fees, etc - 1% Property Cost)	0	LS	\$0.00	\$0.00	
19	Environmental Document	0	LS	\$0.00	\$0.00	

20 TOTAL PROJECT NON-CONSTRUCTION COST (add line 17, 18, 19)

Total = \$0.00

2) (2) Construction Cost Estimate:						
		Quantity	Unit	Unit Cost	Cost		
	ON-SITE WORK						
	Budget Allocation (from \$8 to \$10 per sf)	0	SF	\$0.00	\$0		
	DEMOLITION, GRADING & DRAINAGE						
21	Clear & Grub	635,244	SF	\$0.10	\$63,524		
22	Additional Clear & Grub of Soccer/Football Combo. Field	89,765	SF	\$0.10	\$8,977		
21	Demolition of (E) Building And Storage Structures	1	LS	\$50,000.00	\$50,000		
23	Earthwork	14.60	AC	\$25,000.00	\$365,000		
24	Additional Earthwork for Soccer/Football Combo. Field	2.00	AC	\$25,000.00	\$50,000		
25	Additional Earthwork for Parking Area	2.93	AC	\$12,500.00	\$36,625		
26	Drainage	14.60	AC	\$7,700.00	\$112,420		
27	Drainage of Soccer/Football Combo. Field	2.00	AC	\$7,700.00	\$15,400		
28	Drainage of Parking Lot	2.93	AC	\$7,700.00	\$22,561		
	UTILITIES						
29	Sewer _	250	LF	\$50.00	\$12,500		
30	Site Electrical	1	LS	\$559,500.00	\$559,500		
31	Utility Allowance	1	LS	\$135,000.00	\$135,000		
32	Potable Water Line (to Restrooms & Drinking Fountain)	2,300	LF	\$15.00	\$34,500		
22	PARKING LOT & PERIMETER	6.064		¢20 50	¢470,420		
33 34	Perimeter Fencing (6' Chain Link) Gates	6,261	LF LS	\$28.50 \$1,500.00	\$178,439 \$9,000		
		<u>6</u> 170,925					
35	AC Paving _		SF	\$2.00	\$341,850		
36	Curb	6,077	LF	\$25.00	\$151,925		
37	Striping (Parking Lot)	1	LS	\$5,000.00	\$5,000		
00	CONCESSION & PLAZA AREA	4 000	Th.	000.00	#57.070		
38	4 " Baserock (Phase1)	1,929	TN	\$30.00	\$57,870		
39	Paving Plaza Space (excluding Playground Area)	118,025	SF	\$6.00	\$708,150		
40	Historic Building Renovation	1	LS	\$200,000.00	\$200,000		
41	Concession Stand/Restrooms	1	LS	\$250,000.00	\$250,000		
42	Picnic Areas	1	LS	\$75,000.00	\$75,000		
43	Gazebo	1	LS	\$25,000.00	\$25,000		
44	Playground Areas (approx. 10,000 sq. ft.)	1	LS	\$200,000.00	\$200,000		
45	Drinking Fountain	1	EA	\$3,000.00	\$3,000		
46	Trees	200	EA	\$350.00	\$70,000		
	CORPORATION YARD						
47	Fencing	748	LF	\$28.50	\$21,318		
48	Gates	2	LS	\$1,500.00	\$3,000		
49	Storage Facility	1	LS	\$50,000.00	\$50,000		
50	A/C Paving	32,647	SF	\$2.50	\$81,618		
- 4	FIELD & PLAZA AREA IMPROVEMENTS	000 704		00.40	#00.0 7 0		
51 52	Seeded Natural Grass	323,764	SF	\$0.10	\$32,376		
52	Soil Prep & Finish Grading	323,764 572,933	SF	\$0.50	\$161,882		
49 53	Standard Irrigation Score Boards	7	SF EA	\$1.00 \$16,000.00	\$572,933 \$112,000		
53 54	Storage Bins	7	EA	\$1,500.00	\$10,500		
55	Portable Mounds	3	EA	\$1,000.00	\$3,000		
56	Pitchers Mound	3	EA	\$2,000.00	\$6,000		
57	D.G. (Bull Pens) (9,154 sq. ft., 4" depth)	208	TN	\$30.00	\$6,240		
58	Pitchers Mound & Home Plate - Bull Pens	12	EA	\$2,500.00	\$30,000		
59	Batting Cage (D.G. included)	1	EA	\$20,000.00	\$20,000		
60	Infield Gates	12	EA	\$800.00	\$9,600		
	(1) COLT BASEBALL FIELD						
61	Infield Fines (red)	245	TN	\$80.00	\$19,600		

. OL					
62	Infield Turf (incl. Soil prep and irrigation)	6,783	SF	\$2.80	\$18,992
63	Home Plate	1	EA	\$275.00	\$275
64	Pitchers Slab	1	EA	\$100.00	\$100
65	Backstop	1	EA	\$25,000.00	\$25,000
66	10' Chain Link Fence with Mow Band (Dugout)	106	LF	\$56.50	\$5,989
67	15' Chain Link Fence with Mow Band (Dugout)	75	LF	\$86.50	\$6,488
68	8' Perimeter Chain Link Fence with Mow Band	980	LF	\$47.00	\$46,060
69	Players Bench	2	EA	\$750.00	\$1,500
70	Drinking Fountain	1	EA	\$3,000.00	\$3,000
71	Bleachers (price per seat) incl. Press box & announcers I	600	EA	\$150.00	\$90,000
70	(1) PONY BASEBALL FIELD	170	TNI	000.00	044.040
72 70	Infield Fines (red)	178	TN	\$80.00	\$14,240
73	Infield Turf (incl. Soil prep and irrigation)	5,270	SF	\$2.80	\$14,756
74 75	Bases (3 total)	1	LS	\$900.00	\$900
75 76	Home Plate	1	LS	\$275.00	\$275
76 77	Pitchers Slab	<u>1</u>	LS	\$100.00	\$100 \$25,000
77 78	Backstop 10' Chain Link Fence with Mow Band (Dugout)	84	LS LF	\$25,000.00 \$56.50	\$25,000 \$4,746
79	15' Chain Link Fence with Mow Band (Dugout)	60	LF	\$86.50	\$5,190
	· · · · · · · · · · · · · · · · · · ·				
80	8' Perimeter Chain Link Fence with Mow Band	820	LF	\$47.00	\$38,540
81	Score Booth	1	EA	\$50,000.00	\$50,000
82	Players Bench	2	EA	\$750.00	\$1,500
83	Drinking Fountain	1_	EA	\$3,000.00	\$3,000
84	Portable Bleacher	2	EA	\$10,000.00	\$20,000
	(1) BRONCO BASEBALL FIELD				
85	Infield Fines (red)	122	TN	\$80.00	\$9,760
86	Infield Turf (incl. Soil prep and irrigation)	3,936	SF	\$2.80	\$11,021
87	Bases (3 total)	1	LS	\$900.00	\$900
88	Home Plate	1	LS	\$275.00	\$275
89	Pitchers Slab	1	LS	\$100.00	\$100
90	Backstop	1	LS	\$15,000.00	\$15,000
91	10' Chain Link Fence with Mow Band	92	LF	\$56.50	\$5,198
92	15' Chain Link Fence with Mow Band	80	LF	\$86.50	\$6,920
93	8' Perimeter Chain Link Fence with Mow Band	566	LF	\$47.00	\$26,602
94	Score Booth	1	EA	\$50,000.00	\$50,000
95	Players Bench	2	EA	\$750.00	\$1,500
96	Drinking Fountain	1	EA	\$3,000.00	\$3,000
97	Portable Bleacher	2	EA	\$10,000.00	\$20,000
	(3) SOFTBALL/BASEBALL FIELDS				
98	Infield Fines (red)	648	TN	\$80.00	\$51,840
99	Bases (3 total)	3	LS	\$900.00	\$2,700
100	Home Plate	3	LS	\$275.00	\$825
101	Pitchers Slab	3	LS	\$100.00	\$300
102	Backstop	3	LS	\$15,000.00	\$45,000
103	8' Chain Link Fence with Mow Band	282	LF	\$47.00	\$13,254
104	10' Chain Link Fence with Mow Band	210	LF	\$86.50	\$18,165
105	6' Perimeter Chain Link Fence with Mow Band	2,088	LF	\$47.00	\$98,136
	Score Booth	1	EA	\$50,000.00	\$50,000
	Players Bench	6	EA	\$750.00	\$4,500
	Drinking Fountain	3	EA	\$3,000.00	\$9,000
	Portable Bleacher	6	EA	\$10,000.00	\$60,000
	Synthetic Grass	2,834	SF	\$6.50	\$18,421
110	and the second	2,034	- SF	φυ.ου	φ10,421
101	(1) FOOTBALL/SOCCER FIELD	75.000	C.E.	CC 50	¢404_400
	Synthetic Grass	75,600	SF	\$6.50	\$491,400
	6' Chain Link Fencing	1,267	LF	\$28.50	\$36,110
	Bleachers (price per seat) incl. Press box & announcers I	600	EA	\$150.00	\$90,000
124	Goal	2	EA	\$3,500.00	\$7,000
	(3) VOLLEYBALL COURTS				
	Sand	800	TN	\$40.00	\$32,000
	Curb	580	LF	\$40.00	\$23,200
127	Poles & Net	3	LS	\$800.00	\$2,400

	(1) BASKETBALL COURT				
1:	28 Concrete Court with Base	7,980	SF	\$6.00	\$47,880
1:	29 Goal	2	LS	\$1,500.00	\$3,000
1:	30 Striping	1	LS	\$1,000.00	\$1,000
1:	31 (add lines 21 through 130)		On	-Site Sub-Total=	\$6.513.365
	OFF-SITEWORK				
	Budget Allocation (See Public Works)	0	SF	\$0.00	\$0
1:	32 Off-Site Allowance	1	LS	\$1,200,000.00	\$1,200,000
1:	33 Subtotal (line 132)		Off	-Site Sub-Total=	\$1,200,000
1:	34 (add lines 131, 133)		Construction	Cost Subtotal =_	\$7,713,365
			,,		
4.		Contractor's Multip		Mahiliantian (50/)*	#20F CC0
	35 36	General Condition		Mobilization (5%)*_ Contingency (5%)*	
1.	90		Design	Contingency (5%)	\$365,666
1:	37 (add 135, 136)	ner's Constructio	n Cost Total ((w/ multipliers) =	\$8,484,701
	(444 155, 155)	nor o conocracio	0001 1014. (ψο, το τ,τ ο τ
1:	38	Con	struction Cor	tingency (10%)=	\$848,470
				5 ,	. ,
1:	39 (add 137, 138)			Total=	\$9.333.171
	*Shown as a percent of "Construction Cost" Sub Total or	<u>n</u> ly			

3) F	Project Fees			
	Budget Allocation			
	PROFESSIONAL FEES			
140	Architectural/Engineering Basic Design Services	8.5%	of Construction	\$721,200
141	Reimburseable Expenses	0.50%	of Construction	\$42,424
142	City Staff - Planning/Design/Construction	1%	of Construction	\$84,847
143	Other Fees			
	Geotech /Soils Report (Allowance)			\$15,000
	Site Survey (Allowance)			\$10,000
	CEQA			\$35,000
	Miscellaneous Costs (permits, testing)	1.2%	of Construction	\$101,816
144	Escalation Cost	3.0%		\$254,541
145	(add line 140 through 144)	Pro	ject Fees Total =	\$1,264,828
	*Shown as a percent of "Owner's Construction Cost w/ Multipliers	s" Sub Total only		

4) Equipment:			_	
200 Overhead Irrigation System (Soccerfields)	2	EA	\$14,000.00	\$28,000
201 Tractor & Mower	1	LS	\$22.000.00	\$22.000
202 (add line 201 through 202)		Eq	uipment Total =	\$50,000

Date: October 15, 2004

The City of Morgan Hill Morgan Hill Sports Complex, Phase 1 Summary of Cost Estimate

Project Costs

<u></u>	ojeci cosis		
1)	Non-Construction Costs:	Property/Environmental =	\$0
2)	Construction Cost:		
_,	a) On-Site Work (line 63)	\$1,583,600	
	b) Off-Site Work (line 64)	\$200,000	
	b) On-one work (inte 04)		
	c) Owner Construction Cost Subtotal (line 66)	\$1,783,600	
	C	wner Construction Cost (line 69) =	\$1,961,960
	Constru	ction Contingency (10%)(line 70) =	\$196,196
3)	Project Fees & Contingencies ("Soft Costs"): a) Architectural/Engineering Basic Design Services b) Reimburseable Expenses c) City Staff - Planning/Design/Construction d) Other Fees e) Miscellaneous Costs (permits, testing) f) Escalation Cost	\$166,766.63 \$9,809.80 \$19,619.60 \$60,000.00 \$23,543.52 \$29,429.40	
	Project Fe	ee Total with escalation (line 107) =	\$309,169
4)	Equipment Cost:	Equipment Total =	\$50,000
		Project Total =	\$2,517,325

PROJECT COST ESTIMATE Morgan Hill Sports Complex, Phase 1

Date	October 15, 2004	
Prep		MCW
Chk		LF

1)	1) Non-Construction Cost Estimate Items:						
		Quantity	Unit	Unit Cost	Cost		
	Budget Allocation				\$0.00		
17	Property Cost	0	SF or AC	\$0.00	\$0.00		
18	Property Acquisition Fees (Survey, Apprasial, Negotia	ator's					
	Fee, Attorney Fees, etc - 1% Property Cost)	0	LS	\$0.00	\$0.00		
19	Environmental Document	0	LS	\$0.00	\$0.00		
20	TOTAL PROJECT NON-CONSTRUCTION COST (ac	dd line 17, 18, 19)		Total =	\$0.00		

2) (Construction Cost Estimate:				
		Quantity	Unit	Unit Cost	Cost
	ON-SITE WORK				
	Budget Allocation (from \$8 to \$10 per sf)	0	SF	\$0.00	\$0
	DEMOLITION, GRADING & DRAINAGE				
21	Clear & Grub	351,372	SF	\$0.15	\$52,706
22	Earthwork	8.00	AC	\$25,000.00	\$200,000
23	Drainage	8.00	AC	\$10,000.00	\$80,000
	UTILITIES				
24	Sewer	250	LF	\$50.00	\$12,500
25	Domestic Water	1	LS	\$10,000.00	\$10,000
26	Potable Water Line (Restrooms, Drinking Fountain)	2,300	LF	\$15.00	\$34,500
27	First Phase Electrical	1	LS	\$165,000.00	\$165,000
	PARKING LOT				
29	Drainage Parking Lot	2.85	AC	\$10,000.00	\$28,500
28A	Interrim Stabilization (Overflow Parking excluded)	91,252.00	SF	\$0.50	\$45,626
30	Overflow Parking Lot Improvements	1.00	LS	\$10,000.00	\$10,000
31	Striping (Parking Lot)	1	LS	\$5,000.00	\$5,000
	CONCESSION & PLAZA AREA				
32	Concession Stand & Restrooms	1	LS	\$170,000.00	\$170,000
33	Drinking Fountain	1	EA	\$3,000.00	\$3,000
34	4" Base Rock (Plaza Space)	1,929	TN	\$30.00	\$57,870
	FIELD IMPROVEMENTS & PLAZA AREA				
36	Standard Irrigation for Baseball/Softball Side	465,004	SF	\$1.00	\$465,004
37	Finish Grading & Irrigation for Pony & Bronco Infield 1	9,209	SF	\$0.50	\$4,605
38	Seeded Natural Grass (incl. Soil prep)	153,025	SF	\$0.60	\$91,815
	(1) PONY BASEBALL FIELD				
43	Backstop	1	EA	\$25,000.00	\$25,000
44	Chain Link Fence with Mow Band (Dugout)	60	LF	\$86.50	\$5,190
45	Drinking Fountain	1	EA	\$3,000.00	\$3,000
	(1) BRONCO BASEBALL FIELD				
46	Backstop	1	EA	\$15,000.00	\$15,000
47	Chain Link Fence with Mow Band (Dugout)	80	LF	\$86.50	\$6,920
48	Drinking Fountain	1	EA	\$3,000.00	\$3,000
	(3) SOFTBALL/BASEBALL FIELDS				, ,
49	Backstop	3	EA	\$15,000.00	\$45,000
50	Chain Link Fence with Mow Band (Dugout)	210	LF	\$86.50	\$18,165
51	Drinking Fountain	1	EA	\$3,000.00	\$3,000
	(3) SAND VOLLEYBALL COURTS				,
52	Curb	580	LF	\$40.00	\$23,200
-				,	Ţ==, = 00

63	(add lines 21 through 51)		On	-Site Sub-Total=	\$1.583.600
64	OFF-SITEWORK Budget Allocation Off-Site Allowance	<u>0</u> 1	SF LS	\$0.00 \$200,000.00	\$0 \$200,000
65	Subtotal (line 64)		Off	f-Site Sub-Total=	\$200,000
66	(add lines 63, 65)	Contractor's Multipliers	Construction	Cost Subtotal =	\$1,783,600
67			on Costs and I	Mobilization (5%)*	\$89,180
68			Design C	Contingency (5%)*	\$89,180
69 70	(add 66, 67, 68)	Owner's Construction		(w/ multipliers) =	\$1,961,960 \$196,196
71	(add 69, 70)			Total=	\$2.158.156
	*Shown as a percent of "Construction Cost" Sub Tot	<u>a</u> l only			

3) P	roject Fees			
	Budget Allocation			
	PROFESSIONAL FEES			
102	Architectural/Engineering Basic Design Services	8.5%	of Construction Cos	\$166,767
103	Reimburseable Expenses	0.50%	of Construction Cos	\$9,810
104	City Staff - Planning/Design/Construction	1%	of Construction Cos	\$19,620
105	Other Fees			
	Geotech /Soils Report (Allowance)			\$15,000
	Site Survey (Allowance)			\$10,000
	CEQA			\$35,000
	Miscellaneous Costs (permits, testing)	1.2%	of Construction Cos	\$23,544
106	Escalation Cost	1.5%	 	\$29.429
107	(add line 102 through 106)	Pro	oject Fees Total =	\$309,169
	*Shown as a percent of "Owner's Construction Cost w/ Multipliers"	" Sub Total only		

4) Equipment:				
200 Overhead Irrigation System (Soccerfields)	2	EA	\$14,000.00	\$28,000
201 Tractor & Mower	11	LS	\$22.000.00	\$22.000
202 (add line 201 through 202)		E	guipment Total =	\$50,000

Date:	October 15, 2004

The City of Morgan Hill

Morgan Hill Sports Complex, Phase 1 Add-Ons

Summary of Cost Estimate

Phase I Add-ons

Phase I Add-ons:		
Add-ons Construction Cost:		
Add-ons Construction Cost Subtotal (line 66)	\$62,809	
Add-ons	Construction Cost (line 69) =	\$69,090
Add-ons Construction	Contingency (10%)(line 70) =	\$6,909
3) Project Fees & Contingencies ("Soft Costs"): a) Architectural/Engineering Basic Design Services b) Reimburseable Expenses c) City Staff - Planning/Design/Construction d) Other Fees e) Miscellaneous Costs (permits, testing) f) Escalation Cost	\$5,872.64 \$345.45 \$690.90 \$0.00 \$829.08 \$1,036.35	
Add-ons Fee To	tal with escalation (line 107) =	\$8,774
	Add-ons Total =	\$84,773

Morgan Hill Sports Complex, Phase 1 Add-ons

Date	October 15, 2004	
Prep		MCW
Chk		LF

1)	Non-Construction Cost Estimate Items:					
		Quantity	Unit	Unit Cost		Cost
	Budget Allocation					\$0.00
17 18	Property Cost Property Acquisition Fees (Survey, Apprasial, Negotia	0 ator's	SF or AC	\$0.00		\$0.00
19	Fee, Attorney Fees, etc - 1% Property Cost) Environmental Document	0	LS LS	\$0.00 \$0.00	•	\$0.00 \$0.00
20	TOTAL PROJECT NON-CONSTRUCTION COST (a	dd line 17, 1	8, 19)	Total =		\$0.00

2) Add-ons Construction Cost Estimate) :			
		Quantity	Unit	Unit Cost	Cost
	ON-SITE WORK				
	PARKING LOT				
2	7 6" Base Rock Overflow Parking	1,100	TN	\$30.00	\$33,000
2	8 Interim Stabilization Overflow Parking	33,018	SF	\$0.50	\$16,509
	CONCESSION & PLAZA AREA				
3	4 Trees	38_	EA	\$350.00	\$13,300
6	6 (add lines 63, 65)			Add-ons Total =	\$62.809
		Contractor's I	<i>Aultipliers</i>		
6	7	General Condition	on Costs and	Mobilization (5%)*	\$3,140
6	3		Design (Contingency (5%)*	\$3,140
6	9 (add 66, 67, 68)	Add-on	s Cost Total	(w/ multipliers) =	\$69,090
7	0	Cons	struction Co	ntingency (10%)=	\$6,909
7	1 (add 69, 70)			Total=	\$75.999
		•			

3) F	Project Fees			
	Budget Allocation			
	PROFESSIONAL FEES			
102	Architectural/Engineering Basic Design Services	8.5%	of Construction Cost	\$5,873
103	Reimburseable Expenses	0.50%	of Construction Cost	\$345
104	City Staff - Planning/Design/Construction	1%	of Construction Cost	\$691
105	Other Fees			
	Miscellaneous Costs (permits, testing)	1.2%	of Construction Cost	\$829
106	Escalation Cost	1.5%		\$1.036
107	(add line 102 through 106)	Pr	oject Fees Total =	\$8,774

alue c	of Phase 1 Sports Grou	ps Contrib	utions		
5 4	FIELD IMPROVEMENTS	7	Ε.Δ	£4 500 00	£40 F
54 55	Storage Bins Portable Mounds	7 3	EA EA	\$1,500.00	\$10,5 \$3,0
56	Pitchers Mound	3	EA	\$1,000.00 \$2,000.00	\$5,0 \$6,0
57	D.G. (Bull Pens) (9,154 sq. ft., 4"	208	TN	\$30.00	\$6,0 \$6,2
58	Pitchers Mound & Home Plate - E	12	EA	\$2,500.00	\$30,0
	(1) PONY BASEBALL FIELD				
72	Infield Fines (red)	178	TN	\$80.00	\$14,
73	Infield Turf (incl. Soil prep and irri	5,270	SF	\$2.80	\$14,
74	Bases (3 total)	1	LS	\$900.00	\$
75	Home Plate	1	LS	\$275.00	\$
76	Pitchers Slab	1	LS	\$100.00	\$
81	Score Booth	1	EA	\$50,000.00	\$50,
82	Players Bench	2	EA	\$750.00	\$1,
	(1) BRONCO BASEBALL FIELD				
85	Infield Fines (red)	122	TN	\$80.00	\$9,
86	Infield Turf (incl. Soil prep and irri	3,936	SF	\$2.80	\$11,
87	Bases (3 total)	1	LS	\$900.00	\$
88	Home Plate	1	LS	\$275.00	\$
89	Pitchers Slab	1	LS	\$100.00	\$
95	Players Bench	2	EA	\$750.00	\$1,
	(3) SOFTBALL/BASEBALL FIELDS				
98	Infield Fines (red)	648	TN	\$80.00	\$51,
99	Bases (3 total)	3	LS	\$900.00	\$2,
100	Home Plate	3	LS	\$275.00	\$
101	Pitchers Slab	3	LS	\$100.00	\$
107	Players Bench	6	EA	\$750.00	\$4,
	(3) VOLLEYBALL COURTS				
125	Sand	800	TN	\$40.00	\$32,
127	Poles & Net	3	LS	\$800.00	\$2,4
	TOTAL CONTRIBUTIONS	S•			\$255,63

SPORTS COMPLEX ESTIMATED MAINTENANCE/OPERATING COSTS

	ESTIMATED COSTS				
AGENCY	TOTAL YR \$/AC	HRLY COST/AC (÷ 2016 HRS = 252 DAYS X 8 HRS.)	BALLFIELD/HR. (2 ACRES)		
CITY OF PLEASANTON SPORTS COMPLEX	\$5262 (\$442,000 ÷ 84 AC)	\$2.61	\$5.32		
CYSA IN M.H.	\$5409 (\$135,249 ÷ 25 AC)	\$2.68	\$5.37		
TSMG CONSULTING	\$10,000 (REF: SAC AREA)	\$4.96	\$9.92		
CITY OF M.H. PARKS	* \$12,300 (\$705,000 ÷ 57)	\$6.10	\$12.20		
CITY OF M.H. SPORTS COMPLEX-CURRENT**	\$12,300 (\$295,000÷ 24AC)	\$6.10			
CITY OF M.H. SPORTS COMPLEX WITH CONTRACTOR	\$11,392 (\$273,424 ÷24)	\$5.65	\$11.30		
CITY OF GILROY*** PARKS	\$13,605	\$6.74	\$13.49		
CITY OF MONTEREY	**** \$24,333	\$12.07	\$24.14		

^{*}NOT INCLUDED ON-SITE SPORTS PARK COORDINATOR, LABOR TO MOVE WATER CANNONS, INCLUDES PARK RESTROOM MAINTENANCE AT CURRENT LEVEL

^{**}ASSUMPTION INCLUDES HIRING TWO GROUNDSKEEPERS AND IRRIGATION PERSONEL

^{***}THEORETICAL COST BASED ON PARKS MASTER PLAN PROJECTION.

^{****}AVERAGE COST OF 3 FIELDS, INCLUDES INFIELD PREP, NOT INCLUDING UTILITIES.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2004

CABLE PUBLIC ACCESS PROVIDER CONTRACT

RECOMMENDED ACTION(S): 1) Authorize the City Manager to Execute an Agreement with the Media Access Coalition of Central California for Public Access Services Subject to the Review and Approval of the City Attorney 2) Provide Direction to Staff Regarding Obtaining Additional Access Support from Charter

EXECUTIVE SUMMARY: Since the community's cable system was rebuilt and a separate public access channel was established, the Media Access Coalition of Central California has administered public access services as Morgan Hill Access Television (MHAT.) MHAT has met the community's

Prepared By:
Program Administrator
Approved By:
Public Works Director
Submitted By:
City Manager

Agenda Item # 29

needs in this area, has broadcast important community events, and has developed Channel 19 as a valuable community asset. Their contract with the City expires on December 31 and this item serves to establish the attached new contract for the coming three years.

In discussions with staff, MHAT suggested several changes to their current contract form. While several of these changes are relatively minor and have been incorporated into the contract, there were three changes requested that staff is not recommending and has not incorporated into the contract. These are:

- 1. MHAT has indicated that they would like to operate a second channel for educational access purposes. Staff believes that while the community would benefit from an educational access channel, educational institutions currently serving the community should be invited to participate in its operation. The recommended contract establishes that MHAT can request a second channel but does not guarantee MHAT's access to the channel. Staff anticipates that MHAT will engage in discussions with local educational institutions before making such a request.
- 2. MHAT would like a guaranteed 70% of the access support funding that the City receives from Charter. The City's practice has been to forward 50% of access support funding to MHAT and use the remaining 50% to support the operation of Channel 17. Increasing MHAT's share of this pool will necessitate increasing General Fund support for Channel 17. Given the status of the General Fund and the many important needs that the community has, staff has not recommended this guarantee.
- 3. MHAT would like the contract to eliminate the need for automobile insurance. Staff believes that doing so would increase the City's exposure to risk.

In addition, MHAT has asked the City to attempt to receive additional access support from Charter Cable in order to enhance the overall funding available for public, educational, and governmental access purposes. The attached memo presents background information on this request. Staff recommends that the Council provide direction to staff on how to respond to this request.

FISCAL IMPACT: This agreement authorizes the expenditure of funds, but does not actually commit the expenditure of funds. As a matter of past practice, one-half of the access support funds received from Charter annually have been forwarded to MHAT. This amount, approximately \$14,000, is MHAT's major annual funding. It is staff's intention to continue including this amount in the City's annual budget.



Memorandum Public Works Department

Date: November 29, 2004

To: Jim Ashcraft

From: Anthony Eulo

Subject: Funding Cable Television Access

In 1998, the City negotiated an extension to the cable franchise that provided an initial capital equipment grant and ongoing financial support for public, educational, and governmental (PEG) access programming. At the time, the City made a conscious choice not to negotiate for support payments in excess of the community's anticipated interest in PEG programming. The ongoing financial support results in a charge of approximately \$.47 per subscriber per month appearing on each cable bill. This results in receipts of approximately \$28,000 per year to the City. One-half of this amount is passed on to the City's public access provider, MHAT, and the remaining one-half is used to support governmental access programming on Channel 17.

The cities of Gilroy, Hollister, and San Juan Batista made a different choice when extending their franchises. They chose to require substantial contributions from their ratepayers to support PEG access programming. In Gilroy, residents are charged \$1.87 per month for ongoing support plus a "PEG Fee Recovery" of \$.75 per month to repay the initial capital equipment payment they got from Charter. MHAT has seen the impressive studio and equipment their colleagues from Gilroy have at their disposal and has asked the City to consider asking Charter Cable for similar PEG support. Increasing the payment in MH by \$1.40 per month, to equal Gilroy's base payment, would bring in approximately \$82,320 more per year in total. In addition, a recovery payment of \$.75 per month could bring in a one time payment of \$220,500 for PEG capital if five year's of payments are included in the amortization.

While City staff have had no conversations with Charter Cable regarding this issue, it is my assumption that they would not eagerly agree to this proposition. Cable companies typically are reluctant to add on pass-through charges because their main competition, satellite companies, do not have similar requirements. This request would likely initiate a round of negotiations and would probably require an extension of the cable franchise which is currently not due to expire until 2008.

It is worth noting that the City has the ability to unilaterally increase the monthly PEG charge to \$.50. This would increase funding by approximately \$2,000 per year in total.

Public Access Management Agreement

This Agreement is made this ____ day of December, 2004, by and between the City of Morgan Hill, a municipal corporation (the "City"), and Media Access Coalition of Central California, Inc. (MACCC), a nonprofit corporation ("the Operator"), who agree as follows:

RECITALS

- 1. The City has granted to Charter Communications ("Charter") a franchise to operate a cable television system in the City.
- 2. The Charter franchise provides that certain channel capacity be provided for public, educational, and governmental access.
- 3. The Charter franchise also provides that certain payments shall be made by Charter for capital equipment and facilities to support the public, educational, and government access channels.
- 4. The Operator has indicated its interest in serving the public by providing public access programming and services and demonstrated that they meet the qualifications necessary to operate the channel.
- 5. On April 7, 1999 the City Council has designated the Operator as the entity to manage and operate the public access channels.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

<u>SECTION 1. SCOPE OF SERVICES</u>. In consideration for the funding provided by the City, pursuant to this Agreement, the Operator shall provide the following services:

- A. OPERATE PUBLIC ACCESS CABLE CHANNEL(S). The Operator shall operate the public access cable channel(s) for public/community access programming purposes in accordance with the requirements of local, state, and federal law and any operational or management policies and regulations adopted by the City Council. The Operator shall manage the public access channel and allow access thereto on a nondiscriminatory basis. The Operator may request from the City the right to also operate one educational access cable channel for educational access programming purposes in accordance with the requirements of local, state, and federal law and any operational or management policies and regulations adopted by the City Council.
- B. OPERATE A COMMUNITY ACCESS CENTER. The Operator shall manage a video production facility in the City of Morgan Hill which shall be available for public use at such hours and times as are determined by the Operator. Subject to item D below, access to equipment and facilities shall be open to all those who satisfactorily complete training class(es) provided by the Operator or who receive a certification from the Operator, identifying such user(s) as having satisfied training requirements through means other than the Operator training classes.
- C. *PROVIDE EQUAL ACCESS*. The Operator shall provide access to the use of the equipment, facilities, channels, and services provided hereunder on a non-discriminatory basis to all members of the Morgan Hill community for non-commercial programming purposes, whether individuals, groups, or organizations, on a nondiscriminatory basis, pursuant to operating rules promulgated by the Operator.
- D. DEVELOP OPERATING POLICIES AND PROCEDURES. The Operator shall develop policies and guidelines for the use and operation of the access equipment, facilities, and channel(s) and file such rules and guidelines with the City.
- E. COMPLIANCE WITH LAWS RULES, AND REGULATIONS. The Operator shall administer the public access channel(s) and facilities in compliance with applicable laws, rules, and regulations, and in compliance with the franchise ordinance and the franchise agreement between the City and Charter.

- F. *TRAINING*. The Operator shall provide training for City residents, and when authorized by the City Manager, for City employees, in the techniques of video production, and provide technical advice in the execution of productions.
- G. *PLAYBACK/CABLECAST*. The Operator shall provide for the playback/cablecasting of programs on the public access channel(s). Within twelve months of the completion and opening of the access facility, the Operator shall cablecast an average of at least eight-four (84) hours of local original, replayed and outside programming per week. If granted permission to operate an educational access channel by the City, the Operator shall provide for the playback/cablecasting of programs on the educational access channel(s). Within twelve months of the connection of the educational channel, the Operator shall cablecast an average of at least sixty (60) hours of local original, replayed and outside educational programming per week.
- H. *MAINTENANCE OF EQUIPMENT*. The Operator shall provide regular maintenance and repair of all video broadcast equipment purchased with monies received pursuant to this Agreement and/or donated, loaned, or leased to the Operator by the City. Operator may accept donations of equipment from other public or private entities or persons, so long as Operator does not obligate itself in any way which would be inconsistent with the terms of this Agreement. Operator shall be solely responsible for the maintenance and repair of any broadcast equipment loaned, donated or otherwise provided to Operator by other entities or persons.
- I. PERFORMANCE AUDIT. The City shall conduct a performance audit of the Operator at such times as it deems appropriate. Such review may include an opportunity for access users and cable subscribers to provide input. City and Operator shall meet at least once every six (6) months for the duration of this contract to assess achievements, discuss opportunities for improvements to access programming resources, and confer about other topics of mutual interest.
- K. *EMERGENCY USE OF CHANNEL (S)*. It is recognized that public access broadcasting will be on separate channels than government and educational programming. During events officially declared as emergencies by a governmental agency, the City shall have unlimited access to the public access channel(s) at all times if the need arises. Operator shall

designate at least two (2) individuals to assist the City in times of emergency. The City shall provide training to Operator designees as the City deems appropriate.

SECTION 2. CHANNELS OPEN TO PUBLIC: The Operator agrees to keep the public access channel(s) open to all potential users regardless of their viewpoint, subject to FCC regulations and other relevant laws. Neither the City, nor Charter, nor the Operator shall have the authority to control the content of programming placed on the public access channel(s) so long as such programming is lawful. Provided that, nothing herein shall prevent the Operator, the City, or Charter from producing or sponsoring programming, prevent the City or Charter from underwriting programming, or prevent the City, Charter, or the Operator from engaging in activities designed to promote production of certain types of programming or use by targeted groups in a manner consistent with applicable law and rules for use of public access channels. The Operator may promulgate and enforce policies and procedures which are designed to promote local use of the channel(s) and make the programming accessible to the viewing public, consistent with such time, manner, and place regulations as are appropriate to provide for and promote use of public access channels, equipment and facilities. If granted permission to operate an educational access channel by the City, the Operator may promulgate and enforce policies and procedures which are designed to promote local use of the channel(s) and make the educational programming accessible to the viewing public, consistent with such time, manner, and place regulations as are appropriate to provide for and promote use of educational access channels, equipment and facilities.

<u>SECTION 3. INDEMNIFICATION</u>. The Operator shall indemnify, defend, and hold harmless the City, its officers, agents, and employees and volunteers from and against any and all claims, suits, actions, causes of action, losses, damage, or liabilities of any kind, nature or description, including, payment of litigation costs and attorneys' fees, brought by any person or persons for any loss, damage or injury to persons, property or any other interest, directly or indirectly arising from any alleged acts or omission of the Operator, its officers, employees, agents or subcontractors in the performance of this Agreement.

The Operator shall indemnify and hold harmless City, its officers, agents, employees and volunteers from and against any and all claims or other injury, including costs of litigation and

attorney's fees, arising from or in connection with claims or loss or damage to persons, property or any other interest arising out of the failure to comply with any applicable laws, rules, regulations or other requirements of local, state or federal authorities, for claims of libel, slander, invasions of privacy, or infringement of common law or statutory copyright, for breach of contract or other injury or damage which claims, directly or indirectly, result from the Operator's use of channels, funds, equipment, facilities or staff provided under this Agreement or the Charter franchise agreement.

SECTION 4. COPYRIGHT CLEARANCE. Before cablecasting video transmissions, the Operator shall require all producers to agree in writing that said producers shall make all appropriate arrangements to obtain all rights to all material cablecast and clearances from broadcast stations, networks, sponsors, music licensing organizations' representatives, and any other persons as may be necessary to lawfully transmit its or their program material over the public access channels. The Operator shall maintain for the City's inspection, copies of all such user agreements.

<u>SECTION 5. COPYRIGHT AND OWNERSHIP</u>. The Operator shall own the copyright of any programs which it may choose from time to time to produce. The copyright of programming produced by the public shall be held by the person(s) who produce(s) the programming.

SECTION 6. DISTRIBUTION RIGHTS.

A. The Operator shall require that all programs produced with funds, equipment, facilities, or staff granted under this Agreement shall be distributed on the channels whose use is authorized by this Agreement. This subparagraph shall not be interpreted to restrict other distribution (beyond distribution on channels authorized by this Agreement), so long as such other distribution is consistent with the rules and procedures which shall be promulgated by the Operator and filed with the City.

B. At least once each day that video programming is cablecast on the public access channel(s) whose use is authorized by this Agreement, the Operator shall display a credit stating "Partial funding for the operation of this channel is provided by the City of Morgan Hill." Such

credit also shall state that opinions expressed in programming on the channel(s) are the sole responsibility of the program producers, and do not necessarily represent the policies or opinions of the City of Morgan Hill, the Morgan Hill City Council, the Morgan Hill Redevelopment Agency, or any officers, officials or employees of the City of Morgan Hill.

If granted permission to operate an educational access channel by the City, at least once each day that video programming is cablecast on the educational access channel(s) whose use is authorized by this Agreement, the Operator shall display a credit stating "Partial funding for the operation of this channel is provided by the City of Morgan Hill." Such credit also shall state that opinions expressed in programming on the channel(s) are the sole responsibility of the program producers, and do not necessarily represent the policies or opinions of the City of Morgan Hill, the Morgan Hill City Council, the Morgan Hill Redevelopment Agency, or any officers, officials or employees of the City of Morgan Hill.

SECTION 7. EQUIPMENT AND FACILITIES.

A. The Operator shall be responsible for the repair and maintenance of all equipment and facilities owned, leased or loaned to it under this Agreement or purchased with funds provided pursuant to this Agreement. All equipment must be maintained in good working order during the term of this Agreement.

- B. The Operator shall own all equipment and facilities purchased with funds received pursuant to this Agreement, except that upon termination or nonrenewal of this Agreement all such equipment or facilities purchased with funds received pursuant to this Agreement shall become the property of the City.
- C. To secure all of its obligations under this Agreement, the Operator hereby grants to City a security interest in all of the assets and interests owned or hereafter acquired by the Operator with funds provided by the City, and the proceeds thereof, including but not limited to, the Operator deposit accounts and inventory, and all equipment and fixtures, that are or were acquired with funds provided by the City. The Operator agrees to take all steps reasonably requested by City to perfect and enforce the City's security interest, including the execution and

processing of financing statements and continuation statements under the Uniform Commercial Code. The Operator also will notify any institution with whom it now or hereafter maintains any deposit account of the existence of the City's security interest.

- D. Upon the dissolution of the Operator, subject to the approval of the City, all assets of the Operator used for public access purposes in the City shall be transferred to the City.
- E. Should any equipment purchased with funds received pursuant to this Agreement or donated by third parties for public access purposes in the City be deemed not to be repairable or obsolete, Operator shall notify City of its plan to decommission said equipment a minimum of thirty (30) days before the planned decommissioning. Operator shall provide City with the decommissioned equipment if the City so requests within thirty (30) days after receiving notification from the Operator.
- F. City shall request from Charter Communications the links from the following locations to the Operator's master control room in order to facilitate additional opportunities for live cablecasting: Morgan Hill Civic Center, Morgan Hill Community Center, Morgan Hill Playhouse, Northwestern corner of 2nd and Monterey Streets, Live Oak and Sobrato High Schools, and the District Offices of the Morgan Hill Unified School District. The Operator understands that the City's request from Charter may not result in the construction of the links during the term of this agreement.
- G. If the City grants permission to Operator to operate an educational access channel, City shall request a \$10,000 capital expenditure grant from Charter Communications to purchase the equipment needed to activate educational access programming. The Operator understands that the City's request from Charter may not result in the receipt of grant funds during the term of this agreement.

<u>SECTION 8. INSURANCE.</u> The Operator shall maintain in full force and effect at all times during the term of this Agreement insurance as required by this Section. The cost of such insurance shall be borne by the Operator and may be included in the Operator's annual budget.

- A. COMPREHENSIVE LIABILITY INSURANCE. Comprehensive liability insurance, including protective, completed operations and broad form contractual liability, property damage and personal injury coverage, and comprehensive automobile liability including owned, hired, and non-owned automobile coverage. The limits of such coverage shall be: (1) bodily injury including death, \$1,000,000 for each person, each occurrence and aggregate; (2) property damage, \$1,000,000 for each occurrence and aggregate.
- B. *EQUIPMENT INSURANCE*. Insurance shall be maintained on all equipment and facilities, including fixtures, funded in whole or in part under this Agreement at replacement cost. The insurance shall include, at a minimum, insurance against loss or damage beyond the user's control, theft, fire or natural catastrophe. City shall be shown as lien holder on all policies.
- C. WORKERS' COMPENSATION. Full Workers' Compensation Insurance and Employer's Liability with limits as required by California law with an insurance carrier satisfactory to the City.
- D. CABLECASTER'S ERRORS AND OMISSION INSURANCE. Insurance shall be maintained to cover the content of productions which are cablecast on the public access channel in, at minimum, the following areas: libel and slander; copyright or trademark infringement; infliction of emotional distress, invasion of privacy; plagiarism; and misuse of musical or literary materials.
- E. CITY AS ADDITIONAL INSURED. The City shall be named as a coinsured or additional insured on all of the insurance coverages required by this Agreement. The policies shall provide that no cancellation, material change in coverage or expiration may be affected by the insurance company or the Operator without first giving the City thirty (30) days written notice prior to the effective date of such cancellation or change in coverage. Any insurance or self-insurance maintained by the City, its officers, agents, employees, or volunteers shall be in excess of the Operator's insurance and shall not contribute to it.
- F. *NOTIFICATION OF COVERAGE*. The Operator shall file with the City proof of insurance coverage annually with the Operator's Annual Access Activities Plan and Budget.

SECTION 9. NON-DISCRIMINATION IN EMPLOYMENT AND SERVICE.

A. The Operator shall not discriminate against any person, employee or applicant for employment or subcontractor on the basis of race, color, creed, religion, sex, sexual preference, marital status, ancestry, national origin or physical or mental handicap.

B. The Operator shall not discriminate in the delivery of services on the basis on race, color, creed, religion, sex, sexual preference, marital status, an ancestry, national origin or physical or mental handicap.

SECTION 10. INDEPENDENT CONTRACTOR. It is understood and agreed that the Operator is an independent contractor and that no relationship of principal/agent or employer/employee exists between the City and the Operator. If in the performance of this Agreement any third persons are employed by the Operator, such persons shall be entirely and exclusively under the control, direction and supervision of the Operator. All terms of employment, including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment shall be determined by the Operator and the City shall have no right or authority over such persons or terms of employment.

<u>SECTION 11. ASSIGNMENT AND SUBLETTING</u>. Neither this Agreement nor any interest herein shall be assigned or transferred by the Operator, except as expressly authorized in writing by City.

<u>SECTION 12. ANNUAL REPORTS</u>. Prior to March 30 of each year, the Operator shall submit to City an annual report for the preceding year (January 1 - December 31). This report shall contain, at a minimum, the following information:

- A. Statistics on programming and services provided;
- B. Current and complete listing of the Operator's Board of Directors;

- C. Year-end financial statements;
- D. Such other information as may be requested by the City.

SECTION 13. RECORDS, FISCAL AUDIT.

- A. The Operator shall maintain all necessary books and records, in accordance with generally accepted accounting principles.
- B. Upon request from the City, the Operator shall, at any time during normal business hours, make available all of its records with respect to all matters covered by this Agreement.
- C. The Operator shall annually prepare or have prepared and submit to the City a yearend financial statement in a form acceptable to the City.

SECTION 14. FUNDING.

A. The City agrees to make funds and resources available to the Operator as follows: Charter has dedicated certain channel capacity to public, educational and government access use. The City agrees to permit the Operator to manage one channel designated by the City for public access programming purposes. The City further agrees to consider providing the Operator with permission to operate an educational access channel. The decision as to whether the Operator is granted permission to operate an educational access channel is in the sole discretion of the City. The Operator shall have no control over or responsibility for any other channels designated by the City for educational or governmental purposes.

SECTION 15. ANNUAL PLAN AND BUDGET.

A. On or before March 15th of each year in which this Agreement is in effect, City shall provide the Operator with an estimate of the funds that will be available to the Operator for the upcoming fiscal year. As used in this Agreement, the fiscal year begins on July 1 and ends on June 30. Such estimate shall not be a commitment to provide funds to the Operator until specific

funds are appropriated by the City Council for such purposes. Appropriated funds for each fiscal year shall be distributed to the Operator on a quarterly basis. The City shall have the discretion to determine the amount of funds, if any, that it will appropriate and distribute to the Operator.

B. On or before March 30 of each year in which this Agreement is in effect, the Operator shall provide to the City an Access Activities Plan and Budget outlining activities and programs planned for the following fiscal year with funds received from the City. Such plan shall contain: (1) a statement of anticipated number of hours of local original programming; (2) training classes to be offered and frequency of classes; (3) other access activities planned by the Operator; and (4) an operating and capital equipment and facilities budget.

SECTION 16. EXPENDITURE OF FUNDS. The Operator shall spend funds received from City solely for the purposes listed in its Annual Access Activities Plan and Budget. Funds not expended in the year covered by the Annual Budget and Activities Plan must be carried over into succeeding years. Upon termination of this Agreement all funds of any kind received from City and not expended by the Operator shall be returned to City. The Operator shall provide for such fiscal control and accounting procedures as are necessary to assure proper disbursement and accounting for funds received from the City.

<u>SECTION 17. FUNDING FROM OTHER SOURCES</u>. The Operator may, during the course of this Agreement, receive supplemental funds from other sources, including, but not limited to fundraising activities.

<u>SECTION 18. TERM OF AGREEMENT</u>. This Agreement shall be for a period of three (3) years commencing on January 1, 2005 and ending on December 31, 2007 unless terminated earlier, as provided in this Agreement.

SECTION 19. TERMINATION OF AGREEMENT: TRANSFER OF ASSETS.

A. The City shall have the right upon sixty (60) days written notice to the Operator to terminate this Agreement for (1) breach of any provision of this Agreement by the Operator or (2) loss of the Operator's 50l(c)(3) status. The Operator may avoid termination by curing any such breach within sixty (60) days of notification or within a time frame agreed to by the City and the Operator. The City shall have the right to terminate this Agreement immediately, without prior notice, in the event that the Operator misappropriates public funds. The City shall have no obligation to extend the term of this Agreement upon its expiration.

B. Upon termination of this Agreement, the Operator shall immediately transfer to the City all equipment, real property, fixtures, contracts, leases, deposit accounts or other assets received by or purchased by the Operator with funds received pursuant to this Agreement.

<u>SECTION 20. TIME</u>. Time is of the essence in this Agreement and for the performance of all covenants and conditions of this Agreement.

<u>SECTION 21. COOPERATION</u>. Each party agrees to execute all documents and do all things necessary and appropriate to carry out the provisions of this Agreement.

<u>SECTION 22. APPLICABLE LAW</u>. This Agreement shall be interpreted and enforced under the laws of the State of California

<u>SECTION 23. NOTICES</u>. All notices and other communications to be given by either party may be given in writing, depositing the same in the United States mail, postage prepaid and addressed to the appropriate party as follows:

Media Access Coalition of Central California, Inc.

82 East 2nd Street

Morgan Hill, CA 95037

Address of OPERATOR is as follows:

b. Address of CITY is as follows:

City Manager with a copy to:

City of Morgan Hill City Clerk

17555 Peak Avenue 17555 Peak Avenue

Morgan Hill, CA 95037 Morgan Hill, CA 95037

Any party may change its address for notice by written notice to the other party at any time.

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<u>SECTION 24. ENTIRE AGREEMENT</u>. This Agreement is the entire agreement of the parties and supersedes all prior negotiations and agreements whether written or oral. This Agreement may be amended only by written agreement of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written above.

CITY OF MORGAN HILL

ATTEST: By: Deputy City Clerk Date:	By: City Manager Date:
APPROVED:	OPERATOR
By: Risk Manager Date:	By: Title: Date:
APPROVED AS TO FORM: By: City Attorney Date:	



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

Agenda Item # 29
Prepared By:
Asst. to the City Mgr.
Submitted By:

City Manager

2004-05 HAZARDOUS VEGETATION PROGRAM

RECOMMENDED ACTION

1. <u>Adopt Resolution</u> Declaring Weeds and Brush to be a Nuisance and Setting January 19, 2005 as the Date for the Public Hearing Regarding Weed Abatement, and June 1, 2005 as the Date for the Public Hearing Regarding Brush Abatement

EXECUTIVE SUMMARY:

The City of Morgan Hill has contracted with Santa Clara County for weed and brush abatement services since 1996. Weed and brush abatement services constitute the City's hazardous vegetation program. In the last several years, City and County staff have worked together to streamline program administration and improve communications with Morgan Hill property owners. The Hazardous Vegetation Program is now managed in the County's Department of Agriculture and Resource Management.

As with last year, we have combined the commencement resolution for both the weed and brush abatement programs, and request that you adopt this resolution December 15, 2004. The public hearings for the weed and brush abatement programs cannot be combined, as properties are identified for the weed abatement program in the fall, and for the brush abatement program in the late spring. As you will note, we propose that the weed abatement program hearing take place on January 19, 2005, and that the brush abatement program hearing take place on June 1, 2005.

In addition to the legally required notices sent to property owners by County staff, the City mails letters directly to property owners informing them of the date of the assessment hearing in July. We think this is the most effective means of notifying the affected owners of the hearing. In addition, alerting the owners of the hearing date via a letter prompts many property owners to contact staff with any concerns. This reduces the likelihood that concerns will be presented for the first time at the assessment hearing.

The Hazardous Vegetation Program helps preserve and improve the high quality of life in Morgan Hill. It also meets important safety concerns by reducing potential fire hazards in Morgan Hill.

FISCAL IMPACT:

The Hazardous Vegetation Program is user fee supported. The per-lot assessment includes costs for doing the weed and brush control work plus the overhead cost to administer the program.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DECLARING CERTAIN HAZARDOUS VEGETATION GROWING IN THE CITY OF MORGAN HILL TO BE A PUBLIC NUISANCE, DESCRIBING PROPERTIES WHERE SUCH NUISANCE EXISTS; ORDERING ABATEMENT AND SETTING A PUBLIC HEARING THEREON.

WHEREAS, the City Council finds that certain weeds and brush are growing in the City of Morgan Hill upon the various streets, alleys, sidewalks and upon private property, which said weeds and brush bear seeds of a wingy or downy nature, or which may attain such growth as to become, when dry, a fire menace, or which are otherwise noxious and dangerous; and

WHEREAS, the Council further finds and declares that said weeds and brush constitute a public nuisance;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL AS FOLLOWS:

- 1. That the weeds as described in the above recital do now constitute and will continue to constitute a public nuisance, and it is ordered that this public nuisance be abated in the manner provided by Ordinance No. 222, New Series, Title VIII, Chapter 8.20 of the Morgan Hill Municipal Code.
- 2. That the nuisance exists upon all streets, alleys, sidewalks, and private property within said City as shown, described and delineated on the several maps of the property in the City, which are recorded in the Office of the County Recorder of the County of Santa Clara, reference in each instance for the description of any particular street, alley or private property being hereby made to the several maps mentioned, and in the event of there being several subdivision maps on which lots are shown, reference is hereby made to the latest subdivision map.
- 3. That it is ordered that Wednesday, the 19th of January, 2005, at 7:30 p.m., in the Council Chambers of the City Council of the City of Morgan Hill is hereby fixed as the time and place when objections to the proposed destruction of removal of weeds shall be heard and given due consideration.
- 4. That it is ordered that Wednesday, the 1st of June, 2005, at 7:30 p.m., in the Council Chambers of the City Council of the City of Morgan Hill is hereby fixed as the time and place when objections to the proposed destruction of removal of brush shall be heard and given due consideration.
- 5. That the City Clerk of the City of Morgan Hill is hereby ordered and directed to cause notice of the adoption of this Resolution and notice of hearing to be given to property owners pursuant to Section 39562.1 of the Government Code.

City of Morgan Hill Resolution No. Page 2

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th Day of December, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on December 15, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

DOWNTOWN AREA BUILDING ALLOTMENT RECOMMENDED ACTION(S):

Receive a Report

Agenda Item #30
Prepared By:
Planning Manager
Submitted By:
City Manager

EXECUTIVE SUMMARY:

On October 27, 2004, the City Council considered a report on ways to supplement the Residential Development Control System building allotment

for the Downtown Area. The report also addressed whether to extend the competition for the Downtown Allotment into a second and third year, and whether to advance the filing deadline for the competition. The Council referred the matter to the Planning Commission for recommendation.

The Planning Commission is scheduled to review the Downtown Area Building Allotment at their December 14, 2004 meeting. Staff will provide a report on the Commission's action and recommendations at the December 15, 2004 City Council Meeting. The October 27 staff report on this item is attached as background information.

FISCAL IMPACT:

No budget adjustment required.



CITY COUNCIL STAFF REPORT MEETING DATE: December 15, 2004

BUTTERFIELD NORTH CONNECTION STUDY

RECOMMENDED ACTION: Hear presentation of Butterfield North Connection Study by City Consultant, Fehr and Peers, and provide direction to staff.

EXECUTIVE SUMMARY: The Circulation Element of the City's General Plan calls for a special study to evaluate alternatives for connecting Butterfield Blvd. to Monterey Road and for connecting Monterey Road to the Santa Teresa corridor at the north end of the City. The final draft of the study is now complete and ready for review by the City Council.

Agenda Item # 31
Prepared By:
Deputy Director PW
Approved By:
Department Director Submitted By:
City Manager

At its April 23, 2003 meeting, the Council directed staff to withdraw an application to the California Public Utilities Commission (PUC) for the construction of an at-grade crossing of Madrone Parkway over the UPRR track. That crossing along with the continuation of Madrone Parkway westerly to Hale Avenue is currently the approved General Plan circulation route and would have accomplished the northerly connection of Butterfield Blvd. to the Santa Teresa corridor. However, with UPRR strongly opposed to the Madrone Parkway at-grade crossing and the PUC expressing their view that more analysis was needed, it became apparent to staff that approval of the application was unlikely.

Fehr and Peers was commissioned to prepare the study (attached) with the intended purpose being to provide the City with a look at alternatives for establishing a major east-west thoroughfare across the UPRR tracks at the north end of the City that would connect Butterfield Blvd. with Santa Teresa corridor. Three alternate locations of such a thoroughfare were studied with rough order of magnitude cost estimates prepared for each alternative. The three alternatives are: 1.) Madrone Parkway extension to Hale Avenue with a grade-separated structure under Monterey Road and the UPRR, 2.) Cochrane Avenue extension to Hale Avenue with a grade-separated structure under Monterey Road and the UPRR tracks, and 3.) Connect Monterey Road and Hale Avenue via Llagas Creek Drive south of Llagas Road. According to the traffic analysis and modeling performed by Fehr and Peers, all three alternatives will meet the General Plan build-out conditions and maintain all signalized intersections at the acceptable level of D+ or better. However, each of the three alternatives will require a General Plan amendment because all three deviate from the current Circulation Element of the General Plan.

The draft study was presented to the Planning Commission on November 9, 2004 with a staff recommendation for Alternate 3. The Planning Commission action minutes (attached) note that the Planning Commission finds that Alternate 3 was not the best alternative and that further studies were needed to choose between Alternates 1 and 2. Staff seeks direction from the Council on how to proceed. Property owners who would be most impacted by any of the proposed alternatives for the most part have not been approached about this draft study. Two of the alternatives involve the removal and possible relocation of existing structures (houses and/or businesses) and for that reason, staff feels that discussing the proposed alternatives with affected property owners should wait until the Council has had a chance to hear the presentation, review the study findings, and provide direction to staff.

FISCAL IMPACT: The study effort by the consultant is complete and all appropriated funds will be spent after this presentation. Should the Council direct staff to further study alternatives, staff will return with a proposal and recommendation at a later date.

ALTERNATE APPOINTMENT TO THE CITY'S 2006-CENTENNIAL PLANNING STEERING COMMITTEE

Council Services & Records Manager

Submitted By:

Agenda Item # 32

Prepared By:

City Manager

RECOMMENDED ACTION(S):

- 1) Consider alternate appointment to the City's 2006-Centennial Planning Steering Committee; and
- 2) Consider appointment of a two-council member subcommittee

EXECUTIVE SUMMARY:

At the Council's August 18, 2004 meeting, the Council confirmed the appointment of the following individuals to serve on the City's 2006-Centennial Planning Steering Committee: Brad Jones, Marilyn Librers, Jennifer Tate, Lorraine Welk, Janie Knopf, Ellie Weston, and Vivian Varela. The staff report and minutes of the Council's August 18, 2004 meeting are attached for reference.

It is staff's understanding that Ms. Varela is unable to serve on the Steering Committee at this time. Council Member Sellers has requested the opportunity to speak with Ms. Varela about her ability to serve on the Steering Committee. If Ms. Varela is unable to serve on this committee, Mayor Pro Tempore Sellers has requested the opportunity to appoint an alternate member to the 2006-Centennial Planning Steering Committee.

Also, at the August 18, 2004 Council meeting, the Council directed the City Manager to appoint a City staff member to work with the 2006-Centennial Planning Steering Committee. Staff would like to take this opportunity to advise the Council that Council Services & Records Manager Irma Torrez has agreed to assist the 2006-Centennial Planning Steering Committee and that the City Manager will also assist, as appropriate.

Staff will note that the Council also discussed the appointment of a two-member Council subcommittee to assist the Steering Committee at the August 18 meeting. Mayor Kennedy suggested that appointments be deferred until after the November 2, 2004-election. The Council may wish to discuss appointment of a two-member Council subcommittee at this time or defer appointment until the conclusion of the Council's Goal Setting Session and discuss appointments when the Council considers its outside agency/council assignments in January 2005.

FISCAL IMPACT: No fiscal impacts at this time.



CITY COUNCIL/REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: December 15, 2004

SELECTION OF CITY COUNCIL MAYOR PRO TEMPORE AND REDEVELOPMENT AGENCY VICE-CHAIR

RECOMMENDED ACTIONS:

City Council:

- 1) Open floor to nomination(s) for Mayor Pro Tempore
- 2) <u>Select</u> Council Member to serve as Mayor Pro Tempore per City Council Policy

Agenda Item # 33

Prepared/Approved By:

Council Services & Records Manager/City Clerk

Submitted By:

City Manager

Redevelopment Agency:

- 1) Open floor to nominations for Vice-chair
- 2) Select Agency Member to serve as Vice-chair per Redevelopment Agency Bylaws

EXECUTIVE SUMMARY:

City Council

The City Council has an adopted Policy in place which sets forth the criteria for the selection of Mayor Pro Tempore annually for a one-year term. The adopted Policy is intended to provide every Council Member the opportunity to serve as Mayor Pro Tempore. Nomination for the Mayor Pro Tempore seat is to be made on the basis of the length of time that an individual has served on the City Council and whether or not the nominee has previously had the opportunity to serve as Mayor Pro Tempore. The Mayor or any member of the City Council may nominate a member to serve as Mayor Pro Tempore. A copy of the Policy is attached.

All Council Members have had the opportunity to serve as Mayor Pro Tempore with the exception of Council Member-Elect Mark Grzan. (See attached table for rotation terms.) The Council Member selected to serve as Mayor Pro Tempore will serve for a one year term from December 2004 through December 2005 per the adopted Council policy.

Redevelopment Agency

The current Bylaws of the Redevelopment Agency stipulate that a "Vice-chairperson shall be appointed annually be a majority vote of the Agency Commissioners . . ." The Bylaws do not stipulate that every Commissioner shall be afforded the opportunity to serve as Vice-chairperson. The Redevelopment Agency Commission typically appoints a Vice-chair at the same meeting that the Mayor Pro Tempore is appointed.

Agency Members Carr and Sellers have had the opportunity to serve terms as Vice-chairperson to the Redevelopment Agency Commission (see attached table for rotation schedule). In staff's research, it was determined that Agency Member Tate has not had the opportunity to serve as Vice-chairperson; nor has Agency Member Mark Grzan, being recently elected to office.

It is recommended that the Agency Commission select, by a majority vote, an Agency Member to serve as the Redevelopment Agency Commission's vice-chairperson for a one-year term, ending December 2005 (to coincide with Mayor Pro Tempore appointment schedule).

For the past two years, Mayor/Chair Kennedy, with confirmation of the City Council/Redevelopment Agency has appointed the same individual to serve as Mayor Pro Tempore and Vice-Chair to the Redevelopment Agency in order to eliminate confusion as to who would be overseeing joint meetings in the absence of the Mayor/Chairman.

FISCAL IMPACT: No Fiscal Impact.

CITY COUNCIL MAYOR PRO TEMPORE ROTATION

	From:	To:
Council Member Chang	December 1999	January 19, 2000
Council Member Tate	January 19, 2000	December 6, 2000
Council Member Sellers	December 6, 2000	December 12, 2001
Council Member Carr	December 12, 2001	December 14, 2002
Council Member Chang	December 14, 2002	December 10, 2003
Council Member Sellers	December 10, 2003	December 2004

REDEVELOPMENT AGENCY VICE-CHAIR ROTATION

	From:	To:
Agency Member Sellers	January 19, 2000	December 6, 2000
Agency Member Carr	December 6, 2000	December 12, 2001
Agency Member Chang	December 12, 2001	December 4, 2002
Agency Member Chang*	December 4, 2002	December 10, 2003
Agency Member Sellers	December 10, 2003	December 2004

^{*} Council agreed to appoint the same individual to serve as Mayor Pro Tempore and Vice-chairperson



CITY COUNCIL & REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: December 15, 2004

ANNUAL FINANCIAL REPORTS FOR FISCAL YEAR 2003/04

RECOMMENDED ACTIONS:

- 1) Accept and file the Comprehensive Annual Financial Report for the Fiscal Year 2003/04
- 2) Accept and file the Financial Statements for the Redevelopment Agency for Fiscal Year 2003/04

EXECUTIVE SUMMARY:

Staff hereby transmits two financial documents for the fiscal year 2003/04. The first document is the Comprehensive Annual Financial Report (CAFR), covering all financial activity for the City and related entities, and the second document is the set of financial statements for the Redevelopment Agency. Both documents are being distributed under separate cover. These annual reports are presented for City Council and Redevelopment Agency Board review. Audits of the City's and Agency's financial statements are required by State law. Copies of these documents are on file with the City Clerk and are available at the Morgan Hill Library. A Single Audit of all federal financial assistance was not required this year because the City did not meet the financial assistance threshold that would mandate this audit.

Both reports include audit opinions from independent auditor Moss, Levy & Hartzheim. This is the first year that Moss, Levy & Hartzheim has been engaged as the City's independent financial auditor. The auditor indicated in their opinions that the financial statements for both the City and Agency present fairly their positions as of June 30, 2004, in conformity with generally accepted accounting principles. The auditor's reports are unqualified. The auditors also concluded in their report letter included with the Agency's financial statements that the Agency complied with applicable laws, regulations, contracts, and grants.

The financial statements for both the City and Agency have been formatted, for the second year, to comply with the new financial reporting model developed under Governmental Accounting Standards Board Statement 34 (*GASB 34*). The financial reporting model has resulted in significant changes to the format of the City's financial statements. It is intended to improve financial reporting by providing additional information not previously available in local government financial statements. Major changes include new government-wide financial statements designed to provide readers with a broad overview in a manner similar to a private business, including a statement of net assets and a statement of activities.

FISCAL IMPACT:

The financial statements present summaries of Fiscal Year 2003/04 financial activity and present the financial condition of the City and Agency at June 30, 2004. The City's General Fund still shows strong reserve levels at June 30, 2004. However, it is clear that the cumulative reduction in General Fund sales tax and transient and occupancy (or hotel) tax revenues, combined with the State's shifting of tax revenues away from cities and counties to deal with its financial problems, and combined with increasing pressures from escalating employer retirement system and other employee benefit costs, means that significant financial challenges still face the City.

Agenda Item # 34

Prepared By:

Finance Director

Submitted By:

City Manager



REDEVELOPMENT AGENCY/CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2004

DOWNTOWN REQUEST FOR PROPOSALS

RECOMMENDED ACTION(S): Take action/direct staff as appropriate

Agenda	Item #35
Approv	ed By:
BAHS I	Director
Submitt	ted By:
Executiv	ve Director

EXECUTIVE SUMMARY: In July 2004, the Agency issued a Request For

Proposals (RFP) inviting those proposers who submitted responses to the Downtown Request For Concepts (RFC) to provide the Agency with additional information about their concepts. The RFP was required because much more information was needed about the proposers before the Agency could make a decision. The original deadline was September 2004. At that time the Agency received three "bona fide" responses to the RFP and three letters expressing interest to be considered in the future.

The ED Subcommittee and staff reviewed the three submitted proposals: renovation of the Granada Theater, a mixed-use development on the former Sunsweet site, and a mixed-use development on Diana Ave and Butterfield Blvd. (former caltrain lot). However, we determined that the proposals were incomplete and more information was needed to better evaluate the proposals. As a result, these proposers were given a 60 day extension to submit additional materials. Given that we gave these proposers a 60 day extension, we also let all the proposers that received the RFP know that the deadline was extended should they wish to submit a response.

The deadline for the RFP submittal is December 9, 2004. We are anticipating that we will receive two new responses in addition to the supplemental materials provided by the three proposers who previously submitted by the September deadline. These two new proposals are: the renovation of the Gunter Bros. building and a mixed-use development along Monterey Rd. in the heart of downtown. The Council Economic Development (ED) Subcommittee is scheduled to begin its review of these proposals on December 10, 2004. However, given the City Council/Agency agendas are mailed out on December 10th staff has prepared this report as a "placeholder" for the discussion of the Downtown RFP process. Another staff report containing the preliminary recommendations from the ED Subcommittee as well as copies of the RFP's will be provided to the Council under a separate cover. As December 15th is the last Council/Agency meeting until mid-January, the ED Subcommittee directed staff to agendize this item for discussion in December to facilitate the decision-making process and to accommodate a request from one proposer who indicated that time is of the essence.

FISCAL IMPACT: The Agency has allocated \$3 Million for the Downtown RFC process.

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